



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2013

LANGEBERG MUNICIPALITY

INDEX

Contents	Page
General Information	1
Approval of the Financial Statements	2
Report from the Chief Financial Officer	3
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes In Net Assets	8
Cash Flow Statement	9
Statement of comparison of budget and actual amounts - Statement of financial position	10 - 11
Statement of comparison of budget and actual amounts - Statement of financial performance	12
Statement of comparison of budget and actual amounts - Cash flow statement	13
Accounting Policies	14 - 37
Notes to the Financial Statements	38 - 73

APPENDICES - Unaudited

A Schedule of External Loans	74
B Segmental Statement of Financial Performance - Municipal Votes	75
C Segmental Statement of Financial Performance	76
D Disclosure of Grants and Subsidies in terms of Section 123 of the MFMA, Act 56 of 2003	77

LANGEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Langeberg Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Langeberg Municipality includes the following towns and surrounding rural areas:

*Ashton
Bonnievale
McGregor
Montagu
Robertson*

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

CF Hoffman

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA; PO Box 4453; Tygervalley; 7536

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
SALGBC Collective Agreements
SALGBC Leave Regulations

LANGEBERG MUNICIPALITY

MEMBERS OF THE LANGEBERG MUNICIPALITY

COUNCILLORS

Gagiano, D	Executive Mayor	DA	Proportional
Hull, D A	Speaker	DA	Ward
Klaas, K L	Deputy Mayor	COPE	Proportional
Van Eeden, SW	Member of Mayoral Committee	DA	Ward
Scheffers, EMJ	Member of Mayoral Committee	DA	Ward
Kortje, R R	Member of Mayoral Committee	DA	Ward
Crouwcamp, NP	Member of Mayoral Committee	CI	Proportional
Burger, J D	Ordinary Councillor	DA	Ward
De Koker, T S	Ordinary Councillor	DA	Ward
Janse, D B	Ordinary Councillor	DA	Ward
Kriel, J	Ordinary Councillor	DA	Ward
Mafilika, S P	Ordinary Councillor	ANC	Ward
Turner, E	Ordinary Councillor	DA	Ward
Van Zyl, J D F	Ordinary Councillor	DA	Ward
Zwedala, E M	Ordinary Councillor	ANC	Ward
Grootboom, C J	Ordinary Councillor	PDM	Proportional
Johnson, R	Ordinary Councillor	ANC	Proportional
Mgoqi, N J	Ordinary Councillor	ANC	Proportional
Mhlambeni, A N	Ordinary Councillor	ANC	Proportional
Nyamana, W S	Ordinary Councillor	ANC	Proportional
Vacant	Ordinary Councillor		Proportional
Swanepoel, J R O	Ordinary Councillor	WCC	Proportional
Vollenhoven, E J	Ordinary Councillor	ANC	Proportional

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 73 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.



SA Mokweni
Municipal Manager

2013/08/30
Date

LANGEBERG MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANGEBERG MUNICIPALITY for the fiscal year 2012/2013

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the other directorates to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

Langeberg Municipality implemented two new accounting standards in 2012/2013, namely GRAP 24 on Budget Information and GRAP 103 on Heritage Assets.

2. KEY FINANCIAL INDICATORS

The economic downturn and the Eskom price increases continue to put strain on good financial management.

Financial Statement Ratios:

INDICATOR	30 June 2013	30 June 2012
Surplus / (Deficit) for the year before Appropriations	33 504 703	3 324 648
Accumulated Surplus / (Deficit) at the end of the Year	432 356 587	396 567 706
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	29.40%	28.60%
Remuneration of Councillors	1.76%	1.69%
Debt Impairment	2.12%	1.19%
Depreciation and Amortisation	4.16%	4.62%
Collection costs	0.30%	0.25%
Impairments	0.00%	0.99%
Repairs and Maintenance	3.00%	3.10%
Actuarial losses	0.09%	0.82%
Unamortised Discount - Interest paid	0.02%	0.03%
Finance Charges	1.76%	1.90%
Bulk Purchases	43.79%	42.16%
Contracted services	0.24%	0.29%
Grants and Subsidies	0.00%	0.02%
Stock Adjustments	0.00%	0.05%
Operating Grant Expenditure	2.78%	4.88%
General Expenses	10.44%	9.39%
Loss on disposal of Property,Plant and Equipment	0.14%	0.01%

It should be noted that bulk purchases for water and electricity is 44% of the total expenditure for 2012/2013.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2013 are as follows:

DETAILS	Actual 2012/2013 R	Actual 2011/2012 R	Percentage Variance %	Budgeted 2012/2013 R	Variance actual/ budgeted %
Opening surplus / (deficit)	396 567 706	392 716 566	0.98%	-	-
Operating income for the year (incl. gains in disposal of assets)	436 596 421	383 486 716	13.85%	457 639 109	-4.60%
Appropriations for the year	2 284 178	526 492	0.00%	-	-
	835 448 305	776 729 774	7.56%	457 639 109	82.56%
Expenditure:					
Operating expenditure for the year	403 091 717	380 162 067	6.03%	433 524 035	-7.02%
Closing surplus / (deficit)	432 356 587	396 567 706			
	835 448 305	776 729 774	7.56%	433 524 035	92.71%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R 52 169 196 , and in percentage terms amounts to 87% of budget. Full details of Property, Plant and Equipment are disclosed in note number 45.3 to the Annual Financial Statements.

The capital expenditure of R 52 169 196 (2012/13) was financed as follows:

DETAILS	Actual 2012/2013 R	Budgeted 2012/2013 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	28 099 257	35 829 048	-28%	53.86%
External Loans	24 069 939	22 958 820	5%	46.14%
Grants and Subsidies				
Leased Assets				
	52 169 196	58 787 868		100.00%

5. LONG-TERM LIABILITIES

2013	2012
R	R

The outstanding amount of Long-term Liabilities as at 30 June was :

37 290 700	38 495 587
-------------------	-------------------

No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.

-	-
---	---

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	49 351 025	45 890 807
Provision for Post Retirement Benefits	39 158 817	36 939 296
Provision for Ex-Gratia Pension Benefits	-	-
Provision for Long Service Awards	5 767 847	5 096 187
Provision for Rehabilitation of Landfill-sites	4 424 361	3 855 324
Provision for Clearing of Alien Vegetation	-	-
	49 351 025	45 890 807

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 6	6 570 594	6 079 482
Current Employee benefits	Note number 7	12 062 638	11 605 420
Provisions	Note number 8	1 360 279	2 555 348
Payables from exchange transactions	Note number 9	40 829 847	34 080 545
Unspent Conditional Government Grants and Receipts	Note number 10	9 661 673	6 989 484
Unspent Public Contributions	Note number 11	387 849	62 849
Taxes	Note number 12.1	-	842 932
Current Portion of Long-term Liabilities	Note number 3	4 242 681	3 481 454
		75 115 562	65 697 515

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:

303 858	516 048
----------------	----------------

These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:

465 814 358	426 739 223
--------------------	--------------------

Refer to Note number 13 for more detail.

10. INVESTMENTS

The municipality held Investments to the value of :

Call Investment Accounts	60 000 000	70 000 000
Listed Investment	12 420	9 653
Unlisted Investments	78 197	41 896
	60 090 617	70 051 549

Refer to Note number 25 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

3 451 815	2 371 861
------------------	------------------

12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 21	21 679 328	13 344 079
Receivables from exchange transactions	Note number 22	31 309 093	34 534 238
Receivables from non-exchange transactions	Note number 23	3 629 819	3 962 306
Unpaid Conditional Government Grants and Receipts	Note number 10	250 000	0
Operating Lease Asset	Note number 24	127 530	70 021
Taxes	Note number 12	539 810	-
Current Portion of Long-term Receivables	Note number 19	1 496 547	2 167 412
Cash and Cash Equivalents	Note number 24	71 282 129	73 915 183
		130 314 255	127 993 238

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Notes number 10 as well as Appendix D for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 51.

15. DISCLOSURE ISSUES

Please refer to note number 46 to 55.

16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing these financial statements just gets more detailed each year and therefore my heartfelt thanks goes to the staff at all levels and in all departments, for their hard work and dedication.

Mr C F Hoffman
CHIEF FINANCIAL OFFICER
30 August 2013

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R	2012 R
NET ASSETS AND LIABILITIES			
Net Assets		475 072 409	441 567 706
Capital Replacement Reserve	2	42 715 822	45 000 000
Accumulated Surplus		432 356 587	396 567 706
Non-Current Liabilities		81 554 983	80 024 559
Long-term Liabilities	3	32 203 958	34 133 753
Employee benefits	4	44 926 664	42 035 483
Non-Current Provisions	5	4 424 361	3 855 324
Current Liabilities		75 115 562	65 697 515
Consumer Deposits	6	6 570 594	6 079 482
Current Employee benefits	7	12 062 638	11 605 420
Provisions	8	1 360 279	2 555 348
Payables from exchange transactions	9	40 829 847	34 080 545
Unspent Conditional Government Grants and Receipts	10	9 661 673	6 989 484
Unspent Public Contributions	11	387 849	62 849
Taxes	12.3	-	842 932
Current Portion of Long-term Liabilities	3	4 242 681	3 481 454
Total Net Assets and Liabilities		631 742 954	587 289 781
ASSETS			
Non-Current Assets		497 968 490	457 832 202
Property, Plant and Equipment	13	465 814 358	426 739 223
Investment Property	14	26 951 138	27 014 467
Intangible Assets	15	303 858	516 048
Heritage Assets	16	939 000	939 000
Capitalised Restoration cost	17	417 704	200 054
Non-Current Investments	18	90 617	51 549
Long-Term Receivables	19	3 451 815	2 371 861
Non-Current Assets held for sale	20	3 460 209	1 464 340
Current Assets		130 314 255	127 993 238
Inventory	21	21 679 328	13 344 079
Receivables from exchange transactions	22	31 309 093	34 534 238
Receivables from non-exchange transactions	23	3 629 819	3 962 306
Unpaid Conditional Government Grants and Receipts	10	250 000	0
Operating Lease Asset	24	127 530	70 021
Taxes	12.3	539 810	-
Current Portion of Long-term Receivables	19	1 496 547	2 167 412
Cash and Cash Equivalents	25	71 282 129	73 915 183
Total Assets		631 742 954	587 289 781

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 Actual	2012 Restated	2012 Correction of Error Refer Note 40	2012 Previously reported
		R	R	R	R
REVENUE					
Revenue from Non-exchange Transactions		138 383 608	105 889 939	-	105 889 939
Taxation Revenue		29 806 702	27 949 649	-	27 949 649
Property rates	26	29 806 702	27 949 649	-	27 949 649
Transfer Revenue		102 836 558	76 105 029	-	76 105 029
Government Grants and Subsidies - Capital	27	24 405 390	16 274 360	-	16 274 360
Government Grants and Subsidies - Operating	27	78 431 168	59 710 669	-	59 710 669
Public Contributions and Donations		-	120 000	-	120 000
Other Revenue		5 740 349	1 835 260	-	1 835 260
Gain on Foreign Exchange transaction		-	-	-	-
Actuarial Gains	4	1 250 989	-	-	-
Fair Value Adjustments		39 068	-	-	-
Fines		1 079 319	1 835 260	-	1 835 260
Impairment Reversal	34	3 331 913	-	-	-
Stock Adjustments		39 059	-	-	-
Revenue from Exchange Transactions		298 212 813	277 596 777	(2 945 200)	280 541 977
Service Charges	28	276 237 128	250 167 952	(2 954 216)	253 122 168
Rental of Facilities and Equipment		2 074 316	1 667 562	9 016	1 658 546
Interest Earned - external investments		4 556 735	5 042 189	-	5 042 189
Interest Earned - outstanding debtors		1 617 204	1 513 318	-	1 513 318
Licences and Permits		1 239 538	1 261 437	-	1 261 437
Agency Services		1 929 048	1 814 479	-	1 814 479
Other Income	29	10 498 358	16 077 183	-	16 077 183
Unamortised Discount - Interest		60 486	52 658	-	52 658
Gain on disposal of Property, Plant and Equipment		-	-	-	-
Total Revenue		436 596 421	383 486 716	(2 945 200)	386 431 916
EXPENDITURE					
Employee related costs	30	118 506 679	108 728 890	-	108 728 890
Remuneration of Councillors	31	7 099 118	6 420 162	-	6 420 162
Debt Impairment	32	8 551 056	4 511 537	-	4 511 537
Depreciation and Amortisation	33	16 753 805	17 569 339	(944 076)	18 513 415
Collection costs		1 192 386	959 455	-	959 455
Impairments	34	-	3 770 043	-	3 770 043
Repairs and Maintenance		12 097 894	11 780 440	(139 795)	11 920 235
Actuarial losses	4	375 288	3 122 234	-	3 122 234
Unamortised Discount - Interest paid		96 805	122 093	-	122 093
Finance Charges	35	7 080 720	7 215 421	-	7 215 421
Bulk Purchases	36	176 527 517	160 291 452	-	160 291 452
Contracted services		981 026	1 105 252	-	1 105 252
Grants and Subsidies	37	-	73 500	-	73 500
Stock Adjustments		-	184 451	-	184 451
Operating Grant Expenditure		11 207 558	18 547 031	-	18 547 031
General Expenses	38	42 069 249	35 708 680	(23 742)	35 732 422
Loss on disposal of Property, Plant and Equipment		552 618	47 282	-	47 282
Fair Value Adjustments		-	4 807	-	4 807
Total Expenditure		403 091 717	380 162 067	(1 107 613)	381 269 680
NET SURPLUS/(DEFICIT) FOR THE YEAR		33 504 703	3 324 648	(1 837 587)	5 162 235

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Capital Replacement Reserve R	Accumulated Surplus/(Deficit) R	Total R
Balance at 01 JULY 2011	45 526 492	381 495 919	427 022 411
Change in Accounting Policy (Refer Note 39)		80 278	80 278
Correction of error (Refer Note 40)		11 140 369	11 140 369
Restated balance at 01 JULY 2011	45 526 492	392 716 566	438 243 058
Net Surplus for the year		3 324 648	3 324 648
Transfer to/from CRR	22 041 993	(22 041 993)	-
Property,Plant and Equipment purchased	(22 568 485)	22 568 485	-
Balance at 30 JUNE 2012	45 000 000	396 567 706	441 567 706
Net Surplus for the year		33 504 703	33 504 703
Transfer to/from CRR	25 815 080	(25 815 080)	-
Property,Plant and Equipment purchased	(28 099 257)	28 099 257	-
Balance at 30 JUNE 2013	42 715 822	432 356 587	475 072 409

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

		30 JUNE 2013	30 JUNE 2012
		Notes	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		319 720 156	286 859 294
Government - operating		75 718 495	56 507 226
Government - capital		29 529 200	21 309 000
Interest		3 733 977	4 085 471
Payments			
Suppliers and employees		(369 603 304)	(338 578 115)
Finance charges	35	(3 432 324)	(3 828 869)
Transfers and Grants			
Cash generated by operations	41	55 666 199	26 354 007
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(52 130 051)	(38 289 937)
Proceeds on Disposals		-	73 187
Purchase of Intangible Assets	15	(39 145)	(373 165)
Decrease/(Increase) in Long-term Receivables	19	(3 037 093)	673 165
Decrease/(Increase) in Non-current Investments	18	(39 068)	4 807
Net Cash from Investing Activities		(55 245 358)	(37 911 943)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(3 545 007)	(3 104 650)
New loans raised		-	-
(Decrease)/Increase in Consumer Deposits		491 112	508 405
Net Cash from Financing Activities		(3 053 895)	(2 596 245)
NET (INCREASE) /DECREASE IN CASH AND CASH EQUIVALENTS		(2 633 054)	(14 154 181)
Cash and Cash Equivalents at the beginning of the year		73 915 183	88 069 364
Cash and Cash Equivalents at the end of the year	42	71 282 129	73 915 183
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2 633 054)	(14 154 181)

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	11 282 129	7 561 000	3 721 129	
Call investment deposits	60 000 000	80 000 000	(20 000 000)	Increase in cash of R 7.4M
Consumer debtors	34 938 912	15 997 646	18 941 266	
Other Receivables	917 340	11 274 719	(10 357 379)	
Current portion of long-term receivables	1 496 547	1 484 000	12 547	
Inventory	21 679 328	5 619 000	16 060 328	Reclassification of low cost housing from general expenses to inventory. Land to the amount of R7m purchased for low cost housing.
Total current assets	130 314 255	121 936 365	8 377 890	
Non current assets				
Long-term receivables	3 451 815	7 834 000	(4 382 185)	Increase in the provision for impairment of R 2.6M
Investments	90 617	6 000	84 617	
Investment property	26 951 138	19 413 000	7 538 138	
Property, plant and equipment	469 692 271	494 367 393	(24 675 122)	R 6.6M unspent on capital expenditure budget. R 1.3M budgeted for the Bonnievale Reservoir could not be spent as amounts tendered exceeded the budgeted amounts.
Biological Assets	-	-	-	Reclassification of PPE to Heritage Assets
Intangible Assets	303 858	1 244 000	(940 142)	
Heritage Assets	939 000	-	939 000	First time adoption of GRAP 103
Total non current assets	501 428 699	522 864 393	(21 435 694)	
TOTAL ASSETS	631 742 954	644 800 758	(13 057 804)	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	4 242 681	3 483 061	759 620	
Consumer deposits	6 570 594	5 337 360	1 233 234	
Trade and other payables	50 879 369	41 554 611	9 324 758	
Provisions and Employee Benefits	13 422 917	14 127 480	(704 563)	
Total current liabilities	75 115 562	64 502 512	10 613 050	
Non current liabilities				
Borrowing	32 203 958	33 936 676	(1 732 718)	
Provisions and Employee Benefits	49 351 025	62 328 466	(12 977 441)	
Total non current liabilities	81 554 983	96 265 142	(14 710 159)	
TOTAL LIABILITIES	156 670 544	160 767 654	(4 097 109)	
NET ASSETS	475 072 410	484 033 104	(8 960 694)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	432 356 587	450 498 494	(18 141 907)	
Reserves	42 715 822	33 534 610	9 181 212	
TOTAL COMMUNITY WEALTH/EQUITY	475 072 409	484 033 104	(8 960 695)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	7 561 000	-	7 561 000	
Call investment deposits	80 000 000	-	80 000 000	
Consumer debtors	15 997 646	-	15 997 646	
Other Receivables	11 274 719	-	11 274 719	
Current portion of long-term receivables	1 484 000	-	1 484 000	
Inventory	5 619 000	-	5 619 000	
Total current assets	121 936 365	-	121 936 365	
Non current assets				
Long-term receivables	7 834 000	-	7 834 000	
Investments	6 000	-	6 000	
Investment property	19 413 000	-	19 413 000	
Property, plant and equipment	530 017 779	(35 650 386)	494 367 393	
Biological Assets	-	-	-	
Intangible Assets	1 244 000	-	1 244 000	
Heritage Assets	-	-	-	
Total non current assets	558 514 779	(35 650 386)	522 864 393	
TOTAL ASSETS	680 451 144	(35 650 386)	644 800 758	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	3 483 061	-	3 483 061	
Consumer deposits	5 337 360	-	5 337 360	
Trade and other payables	41 554 611	-	41 554 611	
Provisions and Employee Benefits	14 127 480	-	14 127 480	
Total current liabilities	64 502 512	-	64 502 512	
Non current liabilities				
Borrowing	33 936 676	-	33 936 676	
Provisions and Employee Benefits	62 328 466	-	62 328 466	
Total non current liabilities	96 265 142	-	96 265 142	
TOTAL LIABILITIES	160 767 654	-	160 767 654	
NET ASSETS	519 683 490	(35 650 386)	484 033 104	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	485 875 302	(35 376 808)	450 498 494	
Reserves	33 808 188	(273 578)	33 534 610	
TOTAL COMMUNITY WEALTH/EQUITY	519 683 490	(35 650 386)	484 033 104	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	29 806 702	30 162 100	(355 398)	
Property rates - penalties & collection charges	260 000	260 000	(260 000)	
Service charges	276 237 128	295 061 190	(18 824 062)	Decrease in demand for electricity due to increase in electricity tariffs.
Rental of facilities and equipment	2 074 316	1 713 780	360 536	
Interest earned - external investments	4 556 735	3 350 000	1 206 735	
Interest earned - outstanding debtors	1 617 204	1 620 000	(2 796)	
Dividends received	-	-	-	
Actuarial Gains	1 250 989	-	-	
Fair Value Adjustments	39 068	-	-	
Fines	1 079 319	3 292 280	(2 212 961)	
Impairment Reversal	3 331 913	-	-	
Stock Adjustments	39 059	-	-	
Licences and permits	1 239 538	1 339 590	(100 052)	
Agency services	1 929 048	1 198 000	731 048	
Government Grants and Subsidies	102 836 558	106 389 297	(3 552 739)	
Other revenue	10 558 844	13 140 690	(2 581 846)	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	436 596 421	457 526 927	(25 591 536)	
EXPENDITURE BY TYPE				
Employee related costs	118 506 679	125 232 280	(6 725 601)	Budgeted for a 9% increase. Actual increase of 7%
Remuneration of councillors	7 099 118	7 285 490	(186 372)	
Debt impairment	8 551 056	7 503 470	1 047 586	
Depreciation & asset impairment	16 753 805	21 152 130	(4 398 325)	R 6.6 M unspent on capital budget. Reclassification of PPE to Heritage Assets
Finance charges	7 080 720	7 078 280	2 440	
Bulk purchases	176 527 517	186 508 110	(9 982 593)	Decrease in demand for electricity due to increase in electricity tariffs.
Other materials	12 097 894	12 963 572	(865 678)	
Contracted services	981 026	1 851 030	(870 004)	
Grants and subsidies paid	-	82 180	(82 180)	
Other expenditure	54 941 286	63 704 951	(8 763 665)	
Loss on disposal of PPE	552 618	-	552 618	
Total Operating Expenditure	403 091 717	433 359 493	(30 267 776)	
Operating Surplus for the year	33 504 703	24 167 434	4 676 240	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	2013 R Final Virements	2013 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	30 424 740	(262 640)	30 162 100	-	30 162 100	
Property rates - penalties & collection charges	260 000	-	260 000	-	260 000	
Service charges	296 525 820	(1 464 630)	295 061 190	-	295 061 190	
Rental of facilities and equipment	1 637 680	76 100	1 713 780	-	1 713 780	
Interest earned - external investments	5 279 200	(1 929 200)	3 350 000	-	3 350 000	
Interest earned - outstanding debtors	1 620 000	-	1 620 000	-	1 620 000	
Dividends received	-	-	-	-	-	
Fines	3 280 150	12 130	3 292 280	-	3 292 280	
Licences and permits	1 339 590	-	1 339 590	-	1 339 590	
Agency services	1 188 000	10 000	1 198 000	-	1 198 000	
Transfers recognised	94 706 000	11 683 297	106 389 297	-	106 389 297	
Other revenue	12 596 850	543 840	13 140 690	-	13 140 690	
Gains on disposal of PPE	-	-	-	-	-	
Total Operating Revenue	448 858 030	8 668 897	457 526 927	-	457 526 927	
EXPENDITURE BY TYPE						
Employee related costs	125 328 780	(96 500)	125 232 280	-	125 232 280	
Remuneration of councillors	7 285 490	-	7 285 490	-	7 285 490	
Debt impairment	7 503 470	-	7 503 470	-	7 503 470	
Depreciation & asset impairment	16 681 920	4 470 210	21 152 130	-	21 152 130	
Finance charges	7 574 280	260 000	7 834 280	(756 000)	7 078 280	
Bulk purchases	191 714 110	(5 182 000)	186 532 110	(26 000)	186 506 110	
Other materials	9 704 880	1 552 630	11 257 510	1 706 062	12 963 572	
Contracted services	2 519 420	(474 000)	2 045 420	(194 390)	1 851 030	
Grants and subsidies paid	82 180	-	82 180	-	82 180	
Other expenditure	58 546 820	5 918 303	64 465 123	(760 172)	63 704 951	
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	426 941 350	6 448 643	433 389 993	(30 500)	433 359 493	
Operating Surplus for the year	21 916 680	2 220 254	24 136 934	30 500	24 167 434	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	319 720 156	300 352 568	19 367 587	
Government - operating	75 718 495	80 366 819	(4 648 324)	R 2.7 M of housing allocation not received.
Government - capital	29 529 200	26 022 478	3 506 722	R 2.5 M of 2013/2014 library allocation received in 2012/2013
Interest	3 733 977	6 120 000	(2 386 023)	Decrease in call investment deposits of R 20M.
Payments				
Suppliers and Employees	(369 603 304)	(329 424 013)	(40 179 291)	
Finance charges	(3 432 324)	(7 834 280)	4 401 956	
Transfers and Grants		(82 180)	82 180	
NET CASH FROM/(USED) OPERATING ACTIVITIES	55 666 199	75 521 392	(19 855 193)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	(3 037 093)	-	(3 037 093)	
Decrease/(increase) in non-current investments	(39 068)	-	(39 068)	
Payments				
Capital assets	(52 169 196)	(58 787 874)	6 618 678	R 1.3M budgeted for the Bonnivale Reservoir could not be spent as amounts tendered exceeded the budgeted amounts.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(55 245 358)	(58 787 874)	3 542 516	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	(3 545 007)	-	(3 545 007)	
Increase/(decrease) in consumer deposits	491 112	395 360	95 752	
Payments				
Repayment of borrowing		(3 483 061)	3 483 061	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 053 895)	(3 087 701)	33 806	
NET INCREASE/(DECREASE) IN CASH HELD	(2 633 054)	13 645 817	(16 278 871)	
Cash and Cash Equivalents at the beginning of the year	73 915 183	73 915 183	-	
Cash and Cash Equivalents at the end of the year	71 282 129	87 561 000	(16 278 871)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	325 376 830	(25 024 262)	300 352 568	
Government - operating	73 830 000	6 536 819	80 366 819	
Government - capital	20 876 000	5 146 478	26 022 478	
Interest	7 899 200	(1 779 200)	6 120 000	
Payments				
Suppliers and Employees	(326 728 136)	(2 695 877)	(329 424 013)	
Finance charges	(7 574 280)	(260 000)	(7 834 280)	
Transfers and Grants	(82 180)	-	(82 180)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	93 597 434	(18 076 042)	75 521 392	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(49 712 046)	(9 075 828)	(58 787 874)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(49 712 046)	(9 075 828)	(58 787 874)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	395 360	-	395 360	
Payments				
Repayment of borrowing	(3 483 061)	-	(3 483 061)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 087 701)	-	(3 087 701)	
NET INCREASE/(DECREASE) IN CASH HELD	40 797 687	(27 151 870)	13 645 817	
Cash and Cash Equivalents at the beginning of the year	73 915 183	-	73 915 183	
Cash and Cash Equivalents at the end of the year	114 712 870	(27 151 870)	87 561 000	

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

GRAP 1*	Presentation of Financial Statements
GRAP 2*	Cash Flow Statements
GRAP 3*	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4*	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9*	Revenue from Exchange Transactions
GRAP 10*	Financial Reporting in Hyperinflationary Economics
GRAP 11*	Construction Contracts
GRAP 12*	Inventories
GRAP 13*	Leases
GRAP 14*	Events after the Reporting Date
GRAP 16*	Investment Property
GRAP 17*	Property, Plant and Equipment
GRAP 19*	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-Cash-Generating Assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 26	Impairment of Cash-Generating Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 100*	Non-current Assets held for Sale and Discontinued Operations
GRAP 101	Agriculture

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC102)	Income Taxes
SIC – 21 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

*The Municipality resolved to early adopt the revised GRAP standards which have been issued but are not effective yet.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances.

The nature or size of the information item, or a combination of both, could be the determining factor. In general, materiality is determined as 1% of total expenditure.

1.6. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.7. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 6 (Revised)	Consolidated and Separate Financial Statements No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	Investments in Associate No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	Interest in Joint Ventures No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	Segment Reporting Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 105	Transfer of Functions Between Entities Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	Transfer of Functions Between Entities Not Under Common Control No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 107	Mergers No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.8. RESERVES

1.8.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.9. LEASES

1.9.1 *Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.9.2 *Municipality as Lessor*

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant is receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.13. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) *Ex gratia Gratuities*

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

(e) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(f) Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(g) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than

defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 *Subsequent Measurement – Cost Model*

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.15.3 *Depreciation and Impairment*

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Years		Years
Infrastructure		Other	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	15
		Quarries	25
		Computer equipment	2-20
Community			
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
Finance lease assets			
Office equipment	2-22		
Other assets	2-22		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15.5 Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.15.6 Capitalised Restoration Cost

The Municipality treat the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.15.1 to 1.15.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.16. INTANGIBLE ASSETS

1.16.1 *Initial Recognition*

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.16.2 *Subsequent Measurement – Cost Model*

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 *Amortisation and Impairment*

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives

are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Intangible Assets	Years
Computer Software	2-7
Computer Software Licenses	2-7

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property shall be recognised as an asset when; and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.17.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	1-100

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

1.18 HERITAGE ASSETS

1.18.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.18.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.18.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.18.4 *De-recognition*

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.18.5 *Application of deemed cost - Directive 7*

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.19. NON-CURRENT ASSETS HELD FOR SALE

1.19.1 *Initial Recognition*

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.19.2 *Subsequent Measurement*

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 *Cash-generating assets*

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22. INVENTORIES

1.22.1 *Initial Recognition*

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.22.2 *Subsequent Measurement*

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

1.23.1 *Initial Recognition*

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.23.2 *Subsequent Measurement*

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.3 Trade and Other Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.23.3 De-recognition of Financial Instruments

1.23.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.24. REVENUE

1.24.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.24.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.25. RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.26. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events,

but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Management judgement is required when recognising and measuring contingent liabilities.

1.30. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Intangible assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.24.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.24.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

	2013 R	2012 R
2 NET ASSET RESERVES		
Capital Replacement Reserve	42 715 822	45 000 000
Total Net Asset Reserves	42 715 822	45 000 000

	2013 R	2012 R
Annuity Loans - At amortised cost	34 960 063	38 483 299
Capitalised Lease Liability - At amortised cost	2 330 637	12 288
	37 290 700	38 495 587
Current Portion transferred to Current Liabilities	4 242 681	3 481 454
Annuity Loans - At amortised cost	3 522 662	3 469 166
Capitalised Lease Liability - At amortised cost	720 019	12 288
	33 048 019	35 014 133
Unamortised charges on loans	(844 061)	(880 380)
Balance 1 July	880 380	949 816
Adjustment for the period	(36 319)	(69 436)
	32 203 958	34 133 753

Total Long-term Liabilities - At amortised cost using the effective interest rate method

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

	Minimum annuity payments
Amounts payable under annuity loans:	
Payable within one year	6 497 788
Payable within two to five years	25 299 267
Payable after five years	19 674 542
	51 471 597
Less: Future finance obligations	(16 511 534)
Present value of annuity obligations	34 960 063
	38 483 299

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2027.

The obligations under finance leases are scheduled below:

	Minimum lease payments
Amounts payable under finance leases:	
Payable within one year	966 349
Payable within two to five years	1 843 312
Payable after five years	-
	2 809 661
Less: Future finance obligations	(479 024)
Present value of lease obligations	2 330 637
	12 288

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
MINOLCO	Minolta B283 - F041011906	10.50%	0%	36 months	2015/11/30
MINOLCO	Minolta B283 - F041015012	10.50%	0%	36 months	2015/11/30
MINOLCO	Minolta B223 - G041101050	10.50%	0%	36 months	2016/03/31
SASFIN	Xerox WC5330 - 3322715985	15.00%	0%	36 months	2015/07/25
SASFIN	Xerox WC7535 - 3906110325	8.50%	0%	36 months	2015/12/04
SASFIN	Xerox CQ9303 - 3661801750	8.50%	0%	36 months	2016/03/25
SASFIN	Xerox CQ9303 - 3661794673	8.50%	0%	36 months	2016/03/25
SASFIN	TASKalfa (Black) - N493215179	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215430	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Z13192	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215409	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Z13124	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215435	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Y12198	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493214896	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493113657	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Y12209	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215170	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215209	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Y12204	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Y12189	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215219	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215400	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215388	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493113664	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Z13169	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215003	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493214906	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N493215361	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Black) - N492Z13140	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Colour) - N2K3205727	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Colour) - N2K2803951	14.50%	0%	36 months	2016/06/25
SASFIN	TASKalfa (Colour) - N2K2705329	14.50%	0%	36 months	2016/06/25

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

4

EMPLOYEE BENEFITS

	2013 R	2012 R
Post Retirement Benefits - Refer to Note 4.1	39 158 817	36 939 296
Long Service Awards - Refer to Note 4.2	5 767 847	5 096 187
Total Non-current Employee Benefit Liabilities	44 926 664	42 035 483

Post Retirement Benefits

	2013 R	2012 R
Balance 1 July	38 093 900	31 814 008
Contribution for the year	1 952 776	1 792 516
Interest Cost	2 977 342	2 719 881
Expenditure for the year	(1 283 328)	(918 132)
Actuarial Loss / (Gain)	(1 250 989)	2 685 627
Total post retirement benefits 30 June	40 489 701	38 093 900
Less: Transfer of Current Portion - Note 7	(1 330 884)	(1 154 604)
Balance 30 June	39 158 817	36 939 296

Long Service Awards

	2013 R	2012 R
Balance 1 July	5 508 217	4 853 520
Contribution for the year	650 245	617 827
Interest Cost	344 142	354 111
Expenditure for the year	(402 646)	(753 848)
Actuarial Loss	375 288	436 607
Total long service 30 June	6 475 246	5 508 217
Less: Transfer of Current Portion - Note 7	(707 399)	(412 030)
Balance 30 June	5 767 847	5 096 187

TOTAL NON-CURRENT EMPLOYEE BENEFITS

	2013 R	2012 R
Balance 1 July	43 602 117	36 667 528
Contribution for the year	2 603 021	2 410 343
Interest cost	3 321 484	3 073 992
Expenditure for the year	(1 685 974)	(1 671 980)
Actuarial Loss / (Gain)	(875 701)	3 122 234
Total employee benefits 30 June	46 964 947	43 602 117
Less: Transfer of Current Portion - Note 7	(2 038 283)	(1 566 634)
Balance 30 June	44 926 664	42 035 483

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	171	176
In-service (employee) non-members	516	497
Continuation members (e.g. Retirees, widows, orphans)	51	47
Total Members	738	720

The liability in respect of past service has been estimated to be as follows:

In-service members	22 129 363	21 696 401
Continuation members	18 360 338	16 397 499
Total Liability	40 489 701	38 093 900

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R	2009 R
In-service members	18 509 610	15 153 335	12 079 972
Continuation members	13 304 398	13 012 335	11 823 388
Total Liability	31 814 008	28 165 670	23 903 360

	2013 Rm	2012 Rm	2011 Rm	2010 Rm
Experience adjustments were calculated as follows:				

Liabilities: (Gain) / loss	(0.825)	0.861	(1.843)	1.728
Assets: Gain / (loss)	0.000	0.000	0.000	0.000

EMPLOYEE BENEFITS (CONTINUE)

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Hosmed
LA Health
Samwuned; and
Keyhealth.

	2013	2012
	%	%

Key actuarial assumptions used:

i) Rate of interest		
Discount rate	8.77%	7.93%
Health Care Cost Inflation Rate	7.74%	6.94%
Net Effective Discount Rate	0.96%	0.93%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

2013	2012
R	R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	40 489 701	38 093 900
Net liability/(asset)	40 489 701	38 093 900

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	38 093 900	31 814 008
Total expenses	3 646 790	3 594 265
Current service cost	1 952 776	1 792 516
Interest Cost	2 977 342	2 719 881
Benefits Paid	(1 283 328)	(918 132)
Actuarial Loss / (Gain)	(1 250 989)	2 685 627
Present value of fund obligation at the end of the year	40 489 701	38 093 900
<u>Less:</u> Transfer of Current Portion - Note 7	<u>(1 330 884)</u>	<u>(1 154 604)</u>
Balance 30 June	39 158 817	36 939 296

Sensitivity Analysis on the Accrued Liability

Assumption	Central Assumptions	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
		22 129	18.36	40 489	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
		25 800	20 238	46 038	
Health care inflation	1%	25 800	20 238	46 038	14%
Health care inflation	-1%	18 909	16 719	35 628	-12%
Post-retirement mortality	-1 year	22 860	19 128	41 988	4%
Average retirement age	-1 year	24 055	18 360	42 415	5%
Withdrawal Rate	-50%	24 241	18 360	42 601	5%

4 EMPLOYEE BENEFITS (CONTINUED)

Assumption Central Assumptions	Change	Current-service Cost		Total	% change
		1 952 800	2 977 300		
Health care inflation	1%	2 406 000	3 472 900	5 878 900	19%
Health care inflation	-1%	1 601 500	2 574 700	4 176 200	-15%
Post-retirement mortality	-1 year	2 015 500	3 088 100	5 103 600	4%
Average retirement age	-1 year	2 138 300	3 121 000	5 259 300	7%
Withdrawal Rate	-50%	2 251 800	3 144 900	5 396 700	9%

2013 2012

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

671 673

2013 2012
% %

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.33%	6.49%
General Salary Inflation (long-term)	6.80%	5.97%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.49%	0.49%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

2013 2012
R R

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	6 475 246	5 508 217
Net liability	6 475 246	5 508 217

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2011 2010 2009
R R R

Total Liability	4 853 520	4 016 492	3 633 984
	2013	2012	2011

2013 2012
R R

Experience adjustments were calculated as follows:

Liabilities: (Gain) / loss	410,669	(102,179)	102,483	119,898
Assets: Gain / (loss)	0.000	0.000	0.000	0.000

2013 2012
R R

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	5 508 217	4 853 520
Total expenses	591 741	218 090
Current service cost	650 245	617 827
Interest Cost	344 142	354 111
Benefits Paid	(402 646)	(753 848)
Actuarial Loss / (Gain)	375 288	436 607
Present value of fund obligation at the end of the year	6 475 246	5 508 217
Less: Transfer of Current Portion - Note 7	(707 399)	(412 030)
Balance 30 June	5 767 847	5 096 187

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)		% change
		6 475	-	
Central assumptions		6 475	-	-
General salary inflation	1.00%	6 928	7%	
General salary inflation	-1.00%	6 066	-6%	
Average retirement age	-2 yrs	5 518	-15%	
Average retirement age	+2 yrs	7 534	16%	
Withdrawal rates	-50.00%	7 800	20%	

Assumption	Change	Current-service Cost		Total	% change
		650 200	344 100		
Central Assumptions				994 300	
Health care inflation	1%	694 700	370 300	1 065 000	7%
Health care inflation	-1%	610 900	320 500	931 400	-6%
Post-retirement mortality	-2 years	544 200	290 800	835 000	-16%
Average retirement age	+2 years	719 100	401 800	1 120 900	13%
Withdrawal Rate	-50%	833 400	422 800	1 256 200	26%

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

<u>CAPE JOINT PENSION FUND</u>	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
The contribution rate payable is 9% by members and 18% by Council.	June 2012	3 014 878	3 033 165	1

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in an sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%).

Contributions paid recognised in the Statement of Financial Performance 103 716 103 369

<u>CAPE RETIREMENT FUND</u>	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
The contribution rate payable is 9% by members and 18% by Council.	June 2012	10 775 599	10 783 579	525

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108.0% (30 June 2011 - 116.9%).

Contributions paid recognised in the Statement of Financial Performance 16 736 699 14 670 077

DEFINED CONTRIBUTION FUNDS

Council contributes to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	Last Actuarial Valuation	Total Assets R'000	Total liabilities R'000	Contributing members
South African Local Authorities Pension Fund	July 2010	7 110 300	7 417 900	33
Municipal Councillors Pension Fund	June 2006	1 731 055	1 731 055	0
SAMWU National Provident Fund	June 2007	2 764 426	2 764 426	118

Note: The results of the actuarial valuations dated 30 June 2008 for SAMWU National Provident Fund and 30 June 2009 for Municipal Councillors Pension Funds are not yet available.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund	1 108 197	1 034 388
Municipal Councillors Pension Fund	-	5 575
SAMWU National Provident Fund	2 681 411	2 595 532
	<hr/>	<hr/>
	3 789 608	3 635 496

5 NON-CURRENT PROVISIONS

	2013 R	2012 R
Provision for Rehabilitation of Landfill-sites	4 424 361	3 855 324
Total Non-current Provisions	4 424 361	3 855 324

The Municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow; within one year; is related to the McGregor site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Montagu, Bonnievale and Ashton

<u>Landfill Sites</u>	2013 R	2012 R
Balance 1 July	4 387 785	3 866 699
Contribution for the year	417 702	200 054
Expenditure incurred (Interest)	265 054	321 032
Total provision 30 June	5 070 541	4 387 785
<u>Less:</u> Transfer of Current Portion to Current Provisions - Note 8	(646 180)	(532 461)
Balance 30 June	4 424 361	3 855 324

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs.

The assumptions used are as follows:

	Montagu	Bonnievale	McGregor	Ashton
Area (m ²)	11 333	9 100	7 639	43 840
Rehabilitation volume (m ³)	10 993	6 825	7 639	41 429
Fence (m)				
Total Cost	1 153 953	402 111	646 180	2 868 299

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommissioning of the sites are as follows:

<u>Location</u>	<u>Estimated decommission- date</u>	<u>Cost of rehabilitation</u>
		2013 R
Montagu	2013	1 153 953
Bonnievale	2021	402 111
McGregor	2012	646 180
Ashton	2014	2 868 299

6 CONSUMER DEPOSITS

Municipal services	6 570 594	6 079 482
Total Consumer Deposits	6 570 594	6 079 482
Guarantees held in lieu of Electricity and Water Deposits	2 388 361	2 313 674

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits - Note 4	1 330 884	1 154 604
Current Portion of Long-Service Provisions - Note 4	707 399	412 030
Staff Leave	6 444 028	6 391 979
Performance Bonuses	287 686	605 392
Bonuses	3 292 640	3 041 415
Total Current Employee Benefits	12 062 638	11 605 420

The movement in current employee benefits is reconciled as follows:

<u>Staff Leave</u>		
Balance at beginning of year	6 391 979	6 092 648
Contribution to current portion	2 262 335	2 125 486
Expenditure incurred	(2 210 286)	(1 826 155)
Balance at end of year	6 444 028	6 391 979

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

	2013 R	2012 R
7 CURRENT EMPLOYEE BENEFITS (CONTINUED)		
<i>Performance Bonuses</i>		
Balance at beginning of year	605 392	642 719
Contribution / (Reversal) to current portion	(2 953)	497 748
Expenditure incurred	(314 753)	(535 075)
Balance at end of year	<u><u>287 686</u></u>	<u><u>605 392</u></u>

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council.

	2013 R	2012 R
<i>Bonuses</i>		
Balance at beginning of year	3 041 415	2 706 104
Contribution to current portion	5 962 706	5 683 692
Expenditure incurred	(5 711 480)	(5 348 381)
Balance at end of year	<u><u>3 292 640</u></u>	<u><u>3 041 415</u></u>

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle.

8 PROVISIONS

SALA Pension Fund	-	1 470 110
Cape Joint Pension Fund	714 099	552 777
Current Portion of Rehabilitation of Landfill-sites - Note 5	646 180	532 461
Total Provisions	<u><u>1 360 279</u></u>	<u><u>2 555 348</u></u>

SALA Pension Fund

Balance at beginning of year	1 470 110	1 243 363
Expenditure incurred (Interest)	251 531	226 747
Expenditure incurred	(1 721 641)	
Balance at end of year	<u>(0)</u>	<u>1 470 110</u>

Cape Joint Pension Fund

Balance at beginning of year	552 777	505 370
Expenditure incurred (Interest)	161 323	47 407
Balance at end of year	<u>714 099</u>	<u>552 777</u>

9 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	34 299 760	28 256 086
Payments received in advance	3 154 434	3 044 723
Retentions and Guarantees	985 696	534 524
Sundry Deposits	2 335 404	2 203 439
Sundry Creditors	54 553	41 773
Total Trade Payables	<u><u>40 829 847</u></u>	<u><u>34 080 545</u></u>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and other general deposits.

	2013 R	2012 R
10 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants		
National Government Grants	9 661 673	6 989 484
Provincial Government Grants	156 196	1 720 321
District Municipality	8 485 418	4 249 106
	1 020 058	1 020 058
Less: Unpaid Grants		
National Government Grants	250 000	0
Provincial Government Grants	250 000	0
District Municipality	0	0
Total Conditional Grants and Receipts	9 411 673	6 989 484

Reconciliation of total grants and receipts

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. Application was sent to National Treasury that the unspent grant at 30 June 2013 be taken up in the second adjustments budget of 2013/2014 financial year.

11 UNSPENT PUBLIC CONTRIBUTIONS

11.1 Silwer Strand Home Owners Association	62 849	62 849
Uitsig:Parmalat	325 000	-
Total Unspent Public Contributions	387 849	62 849

Reconciliation of public contributions

Silwer Strand Home Owners Association

Opening balance	62 849	62 849
Contributions received	-	-
Conditions met - Transferred to revenue	-	-
Closing balance	62 849	62 849

The Silwer Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.

11.2 Uitsig:Parmalat

Opening balance	-	-
Contributions received	325 000	-
Conditions met - Transferred to revenue	-	-
Closing balance	325 000	-

Parmalat contributed 325 000 to the municipality to be spent in the Uitsig Area.

12 TAXES

12.1 VAT PAYABLE

VAT Payable	228 011	965 755
VAT output in suspense	6 199 905	5 747 575
Less: Impairment of VAT receivables	(3 212 352)	(2 910 965)
Total Vat payable	3 215 564	3 802 355

12.2 VAT RECEIVABLE

VAT input in suspense	3 755 374	2 959 433
Total VAT receivable	3 755 374	2 959 433

12.3 NET VAT RECEIVABLE(PAYABLE)

VAT is receivable/payable on the cash basis.

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2013

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses									
	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Original Cost	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Closing Balance Cost	Opening Balance	Adjustments	Additions	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Closing Balance	Carrying Value				
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	86 011 387	-	-	-	86 011 387	-	3 639 741	-	-	(1 054 000)	88 597 129	6 558 031	(0)	623 235	-	0	7 181 267	81 415 862				
Land	54 843 579	-	-	-	54 843 579	-	79 355	-	-	(1 054 000)	53 868 934	-	-	-	-	-	-	53 868 934				
Buildings	31 167 808	-	-	-	31 167 808	-	3 560 387	-	-	-	34 728 195	6 558 031	(0)	623 235	-	0	7 181 267	27 546 928				
Infrastructure	347 643 132	-	-	-	347 643 132	-	38 089 045	-	1 842	-	(29 000)	385 701 335	82 583 891	3 331 913	9 173 204	1 445	(3 331 913)	91 755 650	293 945 685			
Electricity	95 058 942	-	-	-	95 058 942	-	5 399 534	-	-	-	100 458 476	26 605 137	0	2 343 851	-	(0)	28 948 988	71 509 488				
Housing	7 339 851	-	-	-	7 339 851	-	-	-	-	(29 000)	7 310 851	774 268	-	120 317	-	-	894 586	6 416 265				
Roads	102 076 609	-	-	-	102 076 609	-	5 446 717	-	-	-	107 523 326	25 954 074	-	3 164 137	-	-	29 118 210	78 405 115				
Sewerage	36 533 769	-	-	-	36 533 769	-	741 749	-	-	-	37 275 518	10 322 273	3 151 514	934 802	-	(3 151 514)	11 257 076	26 018 442				
Waste Management	20 059 342	-	-	-	20 059 342	-	-	-	1 842	-	20 057 500	2 650 858	180 399	564 737	1 445	(180 399)	3 214 150	16 843 350				
Water	76 980 132	-	-	-	76 980 132	-	7 131 935	-	-	-	84 112 067	16 277 280	-	2 045 359	-	-	18 322 640	65 789 428				
Work in Progress	9 594 487	-	-	-	9 594 487	-	19 369 110	-	-	-	28 963 597	-	-	-	-	-	-	28 963 597				
Community Assets	67 002 858	-	-	-	67 002 858	-	4 803 793	-	-	(1 066 000)	70 740 651	12 100 091	0	2 147 017	-	(145 131)	14 101 976	56 638 675				
Airfield	252 720	-	-	-	252 720	-	-	-	-	-	252 720	19 920	-	10 497	-	-	30 416	222 303				
Cemeteries	1 921 100	-	-	-	1 921 100	-	50 639	-	-	-	1 971 739	622 080	-	177 287	-	-	799 367	1 172 372				
Clinics	5 593 337	-	-	-	5 593 337	-	-	-	-	(1 066 000)	4 527 337	844 854	-	55 182	-	(145 131)	754 904	3 772 433				
Community halls	11 533 927	-	-	-	11 533 927	-	685 324	-	-	-	12 219 251	1 606 259	-	221 987	-	-	1 828 246	10 391 005				
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	761 145	192 452	-	37 215	-	-	229 667	531 478				
Libraries	3 835 495	-	-	-	3 835 495	-	109 987	-	-	-	3 945 481	1 942 212	-	145 226	-	-	2 087 438	1 858 044				
Museums & Art Galleries	616 241	-	-	-	616 241	-	-	-	-	-	616 241	85 484	-	10 219	-	-	95 703	520 538				
Other	1 018 417	-	-	-	1 018 417	-	16 082	-	-	-	1 034 499	158 836	-	28 681	-	-	187 516	846 983				
Parks & Gardens	11 667 545	-	-	-	11 667 545	-	487 427	-	-	-	12 154 972	1 229 726	-	217 361	-	-	1 447 086	10 707 886				
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	1 993 311	1 107 641	-	90 211	-	-	1 197 851	795 459				
Sport fields & stadia	15 674 023	-	-	-	15 674 023	-	642 882	-	-	-	16 316 905	3 090 680	0	718 514	-	(0)	3 809 195	12 507 711				
Swimming pools	3 581 261	-	-	-	3 581 261	-	23 934	-	-	-	3 605 195	1 199 948	-	160 401	-	-	1 360 349	2 244 846				
Work in Progress	8 554 338	-	-	-	8 554 338	-	2 787 518	-	-	-	11 341 856	-	-	274 238	-	-	274 238	11 067 618				
Leased Assets	1 042 531	-	-	-	1 042 531	-	2 400 744	-	1 030 289	-	-	2 412 985	567 825	-	109 845	660 730	-	16 940	2 396 045			
Office Equipment (Lease)	1 042 531	-	-	-	1 042 531	-	2 400 744	-	1 030 289	-	-	2 412 985	567 825	-	109 845	660 730	-	16 940	2 396 045			
Other Assets	44 198 884	7 085 856	913 759	-	45 112 643	7 085 856	4 942 320	655 151	182 346	2 000	(913 762)	56 697 863	21 103 672	913 760	4 199 786	23 106	(914 341)	25 279 771	31 418 091			
Computer hardware/equipment	6 285 713	-	3 465	-	6 289 178	-	924 611	1	16 151	-	(3 465)	7 194 174	3 249 876	3 465	641 524	8 262	(3 465)	3 883 139	3 311 035			
Furniture & office equipment	5 362 090	703 727	6 064	-	5 368 154	703 727	1 108 508	4	18 131	-	(6 064)	7 156 198	1 934 877	6 064	857 047	1 786	(6 064)	2 790 139	4 366 060			
General Vehicles	14 331 693	4 170 655	666 317	-	14 998 010	4 170 655	594 089	655 145	-	2 000	(666 320)	19 749 580	7 754 890	666 319	1 161 347	-	(666 320)	8 916 236	10 833 344			
Other	724 891	66 424	210 781	-	935 672	66 424	-	-	-	-	(210 781)	791 316	365 178	210 780	50 220	-	(210 781)	415 398	375 918			
Other Buildings	1 139 382	-	-	-	1 139 382	-	-	-	-	-	-	1 139 382	379 532	-	67 302	-	(579)	446 255	693 126			
Specialised Vehicles	4 084 980	976 050	20 000	-	4 104 980	976 050	-	-	-	-	(20 000)	5 061 031	1 571 081	20 000	314 885	-	(20 000)	1 885 965	3 175 065			
Plant & Equipment	12 270 135	1 168 998	7 131	-	12 277 267	1 168 998	2 315 112	1	148 064	-	(7 131)	15 606 183	5 848 237	7 131	1 107 461	13 059	(7 131)	6 942 639	8 663 543			
	545 898 792	7 085 856	913 759	-	546 812 551	7 085 856	53 875 643	655 151	1 214 477	2 000	(3 062 762)	604 149 962	122 913 511	4 245 673	16 253 087	685 282	(4 391 385)	138 335 604	465 814 358			

13 PROPERTY, PLANT AND EQUIPMENT

13.2 30 JUNE 2012

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses										
	Opening Balance Original Cost R	Opening Balance Residual Values R	Adjustments		Adjustments		Restated Opening Original Cost R	Restated Opening Residual Value R	Additions Original Cost R	Additions Residual Values R	Disposals / Transfer Original Cost R	Disposals / Transfer Residual Values R	Adjustments R	Closing Balance Cost R	Opening Balance R	Adjustments		Disposals / Transfer R		Adjustments		Closing Balance R	Carrying Value R
			Original Cost R	Residual Values R	Original Cost R	Residual Values R																	
Land and Buildings	82 872 084	-	2 109 500	-	84 981 584	-	1 079 801	-	50 000	-	-	86 011 385	5 567 393	-	990 638	-	-	6 558 031	79 453 354				
Land	52 784 077	-	2 109 500	-	54 893 577	-	-	-	50 000	-	-	54 843 577	-	-	-	-	-	-	54 843 577				
Buildings	30 088 007	-	-	-	30 088 007	-	1 079 801	-	-	-	-	31 167 808	5 567 393	-	990 638	-	-	6 558 031	24 609 777				
Infrastructure	324 996 746	-	-	-	324 996 746	-	22 660 386	-	14 000	-	-	347 643 132	73 229 399	3 218 170	9 354 492	66 657	180 399	85 915 804	261 727 328				
Electricity	92 281 672	-	-	-	92 281 672	-	2 777 270	-	-	-	-	95 058 942	23 839 970	-	2 765 167	-	-	26 605 137	68 453 805				
Housing	6 695 351	-	-	-	6 695 351	-	658 500	-	14 000	-	-	7 339 851	653 911	-	120 358	-	-	774 268	6 565 582				
Roads	95 594 522	-	-	-	95 594 522	-	6 482 087	-	-	-	-	102 076 609	22 855 258	-	3 098 816	-	-	25 954 074	76 122 535				
Sewerage	36 250 777	-	-	-	36 250 777	-	282 992	-	-	-	-	36 533 769	9 355 297	3 218 170	966 976	66 657	180 399	2 831 257	23 059 982				
Waste Management	16 309 623	-	-	-	16 309 623	-	3 749 719	-	-	-	-	20 059 342	2 230 066	-	420 792	-	-	16 277 280	60 702 852				
Water	75 147 396	-	-	-	75 147 396	-	1 832 736	-	-	-	-	76 980 132	14 294 897	-	1 982 383	-	-	9 594 487					
Work in Progress	2 717 405	-	-	-	2 717 405	-	6 877 082	-	-	-	-	9 594 487	-	-	-	-	-	-	9 594 487				
Community Assets	61 203 344	-	(939 000)	-	60 264 344	-	6 743 513	-	5 000	-	-	67 002 858	10 427 255	(80 278)	1 753 114	-	-	12 100 091	54 902 767				
Airfield	154 684	-	-	-	154 684	-	98 036	-	-	-	-	252 720	11 390	-	8 530	-	-	19 920	232 800				
Cemeteries	1 773 175	-	-	-	1 773 175	-	147 925	-	-	-	-	1 921 100	448 259	-	173 821	-	-	622 080	1 299 020				
Clinics	5 593 337	-	-	-	5 593 337	-	-	-	-	-	-	5 593 337	789 671	-	55 183	-	-	844 854	4 748 483				
Community halls	11 533 927	-	-	-	11 533 927	-	-	-	-	-	-	11 533 927	1 384 859	-	221 400	-	-	1 606 259	9 927 667				
Fire, safety & emergency	761 145	-	-	-	761 145	-	-	-	-	-	-	761 145	155 233	-	37 219	-	-	192 452	568 692				
Libraries	3 835 495	-	-	-	3 835 495	-	-	-	-	-	-	3 835 495	1 783 004	-	159 208	-	-	1 942 212	1 893 283				
Museums & Art Galleries	1 551 136	-	(939 000)	-	612 136	-	4 105	-	-	-	-	616 241	155 622	(80 278)	10 139	-	-	85 484	530 757				
Other	1 018 417	-	-	-	1 018 417	-	-	-	-	-	-	1 018 417	129 225	-	29 611	-	-	158 836	859 581				
Parks & Gardens	11 486 659	-	-	-	11 486 659	-	185 886	-	5 000	-	-	11 667 545	1 014 547	-	215 179	-	-	1 229 725	10 437 820				
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 017 408	-	90 233	-	-	1 107 641	885 670				
Sport fields & stadia	13 673 021	-	-	-	13 673 021	-	2 001 002	-	-	-	-	15 674 023	2 459 399	-	631 281	-	-	3 090 680	12 583 343				
Swimming pools	3 329 040	-	-	-	3 329 040	-	252 221	-	-	-	-	3 581 261	1 078 637	-	121 311	-	-	1 199 948	2 381 313				
Work in Progress	4 500 000	-	-	-	4 500 000	-	4 054 338	-	-	-	-	8 554 338	-	-	-	-	-	-	8 554 338				
Leased Assets	1 042 531	-	-	-	1 042 531	-	-	-	-	-	-	1 042 531	457 929	-	109 895	-	-	567 825	474 706				
Office Equipment (Lease)	1 042 531	-	-	-	1 042 531	-	-	-	-	-	-	1 042 531	457 929	-	109 895	-	-	567 825	474 706				
Other Assets	39 361 170	5 549 994	-	-	39 361 170	5 549 994	6 270 374	1 535 862	518 898	-	-	52 198 501	17 697 006	913 762	4 295 725	889 060	-	22 017 433	30 181 068				
Computer hardware/equipment	4 814 368	-	-	-	4 814 368	-	1 687 007	-	212 197	-	-	6 289 178	2 513 336	3 465	880 498	143 958	-	3 253 341	3 035 837				
Furniture & office equipment	3 603 237	-	-	-	3 603 237	-	1 784 728	703 727	19 811	-	-	6 071 882	1 416 426	6 064	537 034	18 583	-	1 940 942	4 130 940				
General Vehicles	14 379 539	3 447 818	-	-	14 379 539	3 447 818	676 369	722 837	57 895	-	-	19 168 666	7 054 515	666 320	1 165 454	465 079	-	8 421 210	10 747 458				
Other	923 041	66 424	-	-	923 041	66 424	12 631	-	-	-	-	1 002 096	325 891	210 781	72 703	33 415	-	575 959	426 137				
Other Buildings	1 029 864	-	-	-	1 029 864	-	109 518	-	-	-	-	1 139 382	286 658	-	92 874	-	-	379 532	759 849				
Specialised Vehicles	4 104 980	976 050	-	-	4 104 980	976 050	-	-	-	-	-	5 081 031	1 281 402	20 000	307 183	17 504	-	1 591 081	3 489 950				
Plant & Equipment	10 506 141	1 059 701	-	-	10 506 141	1 059 701	2 000 122	109 297	228 995	-	-	13 446 265	4 818 778	7 131	1 239 980	210 521	-	5 855 368	7 590 897				
	509 475 875	5 549 994	1 170 500	-	510 646 375	5 549 994	36 754 075	1 535 862	587 898	-	-	553 898 407	107 378 983	4 051 654	16 503 864	955 716	180 399	127 159 184	426 739 223				

13

PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

Impairment Reversals were identified during the reporting period. Refer to Note 34.

14

INVESTMENT PROPERTY**Net Carrying amount at 1 July**

Cost
Under Construction
Accumulated Depreciation
Accumulated Impairment

	2013	2012
	R	R
Net Carrying amount at 1 July	27 014 467	27 347 336
Cost	28 598 905	28 880 905
Under Construction	-	-
Accumulated Depreciation	(1 584 438)	(1 533 569)
Accumulated Impairment	-	-
Acquisitions	-	-
Disposals	(14 000)	(1 000)
Depreciation for the year	(49 329)	(50 869)
Impairment	-	-
Transfers to Inventory - cost	-	-
Transfers to Inventory - accumulated depreciation	-	-
Transfers Assets Held for Sale	-	(281 000)
Transfers from Property, Plant and equipment - cost	-	-
Transfers from Property, Plant and equipment - accumulated depreciation	-	-
Net Carrying amount at 30 June	26 951 138	27 014 467
Cost	28 584 905	28 598 905
Accumulated Depreciation	(1 633 767)	(1 584 438)
Accumulated Impairment	-	-

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property

994 542	577 493
<hr/>	<hr/>

Operating expenditure incurred on properties

3 437 020	3 466 881
<hr/>	<hr/>

15 INTANGIBLE ASSETS

Computer Software

Net Carrying amount at 1 July

Cost
Accumulated Amortisation
Accumulated Impairment

Acquisitions
Amortisation
Impairments
Disposals

Net Carrying amount at 30 June

Cost
Accumulated Amortisation
Accumulated Impairment

	2013 R	2012 R
516 048	861 642	
2 560 071	2 186 905	
(2 044 023)	(1 325 263)	
	39 145	373 165
	(251 335)	(718 760)
	-	-
	-	-
303 858	516 048	
2 599 216	2 560 071	
(2 295 358)	(2 044 023)	
	-	-

The following material intangible assets are included in the carrying value above

Description	<u>Remaining Amortisation</u> <u>Period</u>	<u>Carrying Value</u>	
		2013 R	2012 R
Microsoft Office	2	303 858	516 048

No intangible asset was assessed having an indefinite useful life. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

16 HERITAGE ASSETS

Net Carrying amount at 1 July

Acquisitions
Disposals
Impairments
Reversal of Impairment losses
Transfers from Property, Plant and equipment

Net Carrying amount at 30 June

Cost
Accumulated Impairment

	R	R
939 000	939 000	
-	-	
-	-	
-	-	
-	-	
939 000	939 000	
939 000	939 000	
-	-	

Balance previously reported

Change in accounting policy - Refer to note 39.1

939 000
939 000

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

Third party payments received for losses and impairments incurred:

Payments received (Excluding VAT)

Carrying value of assets written off/lost/impaired

Surplus/Deficit

	2013 R	2012 R
200 054	295 847	
4 008 921	3 808 867	
(3 808 867)	(3 513 020)	
-	-	
417 703	200 054	
-	-	
(200 054)	(295 847)	
417 704	200 054	
4 426 625	4 008 921	
(4 008 921)	(3 808 867)	
-	-	

17 CAPITALISED RESTORATION COST

Net Carrying amount at 1 July

Cost
Accumulated Depreciation
Accumulated Impairments

Acquisitions / Additions
Under Construction - Cost
Disposals
Depreciation for the year
Impairment for the year

Net Carrying amount at 30 June

Cost
Accumulated Depreciation
Accumulated Impairments

	2013 R	2012 R
200 054	295 847	
4 008 921	3 808 867	
(3 808 867)	(3 513 020)	
-	-	
417 703	200 054	
-	-	
(200 054)	(295 847)	
417 704	200 054	
4 426 625	4 008 921	
(4 008 921)	(3 808 867)	
-	-	

18 NON-CURRENT INVESTMENTS

Listed Investments	12 420	9 653
Unlisted Investments	78 197	41 896
Total Non-Current Investments	90 617	51 549

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.
The listed shares represent 270 Sanlam Shares and Unlisted Shares represent 1028 KWV Shares and 10275 Capevin Shares held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	46.00	35.75
The market value per share at year end: KWV Shares	9.10	10.27
The market value per share at year end: Capevin Shares	6.70	3.05

19 LONG-TERM RECEIVABLES

	2013 R	2012 R
Provincial Government Housing Loans - At amortised cost	3 137 775	3 053 281
Staff Study loans - At amortised cost	35 144	35 144
Services connections - At amortised cost	510 299	697 492
Land Sales - At amortised cost	1 146 492	626 775
Short-term Instalments	118 653	126 582
Agreements with Consumer Debtors	12 370 617	9 742 612
 <u>Less:</u> Current portion transferred to current receivables	 17 318 979	 14 281 886
	 (1 496 547)	 (2 167 412)
 <u>Less:</u> Provision for Impairment	 15 822 432	 12 114 474
	 (12 370 617)	 (9 742 612)
Total Long Term Receivables	3 451 815	2 371 861

HOUSING LOANS

The Provincial Government Housing Loans are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

SERVICES CONNECTIONS

The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

LAND SALES

The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

AGREEMENTS WITH CONSUMER DEBTORS

The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

Reconciliation of Provision for Bad Debts

Balance at beginning of year	9 742 612	11 247 903
Contribution to provision/(Reversal of provision)	2 628 004	(1 505 290)
Bad Debts Written Off	-	-
Balance at end of year	12 370 617	9 742 612

20 NON-CURRENT ASSETS HELD FOR SALE

Land and Buildings	3 460 209	1 464 340
	3 460 209	1 464 340

The disposal group consists of residential and commercial sites throughout the entire Municipal area. It has been made available in public.

21 INVENTORY

Maintenance Materials - At cost	10 233 564	9 670 416
Compost – at cost	-	58 840
Water – at cost	69 035	79 503
Low Cost Housing	11 376 728	3 535 320
Total Inventory	21 679 328	13 344 079
 Balance previously reported		13 179 204
Correction of error - Refer to note 40.5		164 875
		13 344 079
Consumable stores materials written down due to damages as identified during the annual stores counts.	24 257	72 268
Consumable stores materials surpluses identified during the annual stores counts.	2 420	69 249
Inventory recognised as an expense during the year	7 565 193	16 670 838
Write down of inventory to the lower of Cost or Net Realisable Value	50 298	112 182

	2013 R	2012 R
RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	17 751 185	16 927 578
Water	5 251 522	5 798 032
Refuse	3 016 454	2 811 464
Sewerage	3 838 384	3 580 952
Housing Rentals	534 340	613 768
Other Receivables	712 836	5 571 604
Other	13 380 318	13 047 368
Total Receivables from Exchange Transactions	44 485 037	48 350 767
Less: Provision for Impairment	(13 175 944)	(13 816 530)
Total Net Receivables from Exchange Transactions	31 309 093	34 534 238
Balance previously reported		28 483 006
Correction of error - Refer to note 40.4		6 051 231
		34 534 238

Consumer Trade Receivables are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	15 092 661	14 032 090
31 - 60 Days	447 312	471 116
61 - 90 Days	268 175	347 838
+ 90 Days	1 943 036	2 076 535
Total	17 751 185	16 927 578

(Water): Ageing

Current (0 - 30 days)	2 628 603	2 000 217
31 - 60 Days	409 975	357 309
61 - 90 Days	260 791	239 797
+ 90 Days	1 952 153	3 200 710
Total	5 251 522	5 798 032

(Refuse): Ageing

Current (0 - 30 days)	1 101 973	861 268
31 - 60 Days	178 830	124 113
61 - 90 Days	129 569	103 420
+ 90 Days	1 606 081	1 722 664
Total	3 016 454	2 811 464

(Sewerage): Ageing

Current (0 - 30 days)	1 385 226	1 061 194
31 - 60 Days	231 905	157 498
61 - 90 Days	166 485	131 726
+ 90 Days	2 054 768	2 230 534
Total	3 838 384	3 580 952

(Other): Ageing

Current (0 - 30 days)	12 923 892	17 449 915
31 - 60 Days	116 527	70 163
61 - 90 Days	50 237	71 115
+ 90 Days	1 536 838	1 641 547
Total	14 627 494	19 232 740

(Total): Ageing

Current (0 - 30 days)	33 132 356	35 404 683
31 - 60 Days	1 384 549	1 180 198
61 - 90 Days	875 257	893 897
+ 90 Days	9 092 876	10 871 990
Total	44 485 037	48 350 767

Reconciliation of Provision for Bad Debts

Balance at beginning of year	13 816 530	11 494 510
Contribution to provision/(Reversal of provision)	5 960 446	3 776 344
Bad Debts Written Off	(6 601 032)	(1 454 324)
Balance at end of year	13 175 944	13 816 530

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Electricity	3 427 705	3 617 461
Water	3 162 953	3 582 573
Refuse	2 062 827	1 976 608
Sewerage	2 676 799	2 573 144
Other	1 845 660	2 064 745
	13 175 944	13 816 530

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2013 R	2012 R
RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	7 244 039	6 893 255
Other Receivables	5 666 330	5 372 946
Accrued Interest	301 184	728 854
Availability charges	4 318 684	3 662 547
Other	1 046 463	981 546
Total Receivables from Non-Exchange Transactions	12 910 369	12 266 201
Less: Provision for Impairment	(9 280 550)	(8 303 896)
Total Net Receivables from Non-Exchange Transactions	3 629 819	3 962 306

Trade Receivables with a total outstanding balance of R 12 370 617 (2012 - R 9 742 612) have arranged to settle their account over a re-negotiated period. The total value have been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 19 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing		
Current (0 - 30 days)	1 912 323	2 239 915
31 - 60 Days	192 336	198 918
61 - 90 Days	168 148	180 236
+ 90 Days	4 971 233	4 274 186
Total	7 244 039	6 893 255
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	8 303 896	6 063 412
Contribution to provision/(Reversal of provision)	976 655	2 240 483
Bad Debts Written Off	-	-
Balance at end of year	9 280 550	8 303 896

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

24 OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)		
Balance on 1 July	70 021	58 063
Movement during the year	57 509	11 958
Balance on 30 June	127 530	70 021
Balance previously reported (Note 24)		
Correction of Error: Lease Contracts not included in Lease Register 2010/2011 - Refer to note 40.2	32 641	
Previous Movement	25 422	
Correction of Error: Lease Contracts not included in Lease Register 2011/2012 - Refer to note 40.2	4 278	
Correction of Error Lease Agreements cancelled in 2011/2012 - Refer to note 40.2	9 019	
	(1 338)	
Total	70 021	

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	889 487	463 022
1 to 5 Years	817 843	326 802
More than 5 Years	688	-
Total Operating Lease Arrangements	1 708 017	789 824

This lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out.

25 CASH AND CASH EQUIVALENTS

Assets		
Call Investments Deposits	60 000 000	70 000 000
Bank Accounts	11 274 412	3 906 756
Cash Floats	7 717	8 427
Total Cash and Cash Equivalents - Assets	71 282 129	73 915 183
Liabilities		
Primary Bank Account	-	-
Total Cash and Cash Equivalents - Liabilities	-	-

25

CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The Municipality do not have a bank overdraft facility. Management did not deem it necessary.

The municipality has the following bank accounts:

<u>Current Accounts</u>	2013	2012
	R	R
Primary Bank account	11 272 112	3 904 456
Traffic bank account	2 300	2 300
	11 274 412	3 906 756

Traffic account is cleared daily to Primary Bank Account.

Primary Bank account	Montagu ABSA - Account Number 1050 000 008	
Cash book balance at beginning of year	3 904 456	18 058 847
Cash book balance at end of year	11 272 112	3 904 456
	3 671 466	10 285 753
Bank statement balance at beginning of year	11 377 775	3 671 466
Bank statement balance at end of year	1 400	2 300
	1 250	1 400

Call Investment Deposits

Call investment deposits consist of the following accounts:

ABSA	Account Number 20 72488246	-	15 000 000
Investec	Account Number 458195	30 000 000	25 000 000
Nedbank	Account Number 03/7881034971/000008	30 000 000	-
Standard Bank	Account Number 288467698	-	30 000 000
		60 000 000	70 000 000

26

PROPERTY RATES**Actual****Rateable Land and Buildings**

Residential, Commercial Property, State	37 064 317	34 782 852
Less: Rebates	(7 257 616)	(6 833 202)
	29 806 702	27 949 649

Total Assessment Rates**Valuations****Rateable Land and Buildings**

Residential	4 611 761 996	4 265 248 464
Agricultural	4 714 599 086	4 865 388 010
Government	241 355 315	240 320 315
Business & Commercial	1 201 736 273	1 575 498 956
Municipal	345 084 024	394 976 614
Exempt Properties	302 544 424	195 108 304
	11 417 081 118	11 538 540 663

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2011.

Rates:

Residential	0.0043c/R	0.0040c/R
Commercial, Industrial & Government	0.0063c/R	0.0059c/R
Public Benefit Organisations	0.0010c/R	0.0010c/R
Agricultural	0.0009c/R	0.0008c/R

Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2013 R	2012 R
GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	51 279 300	45 172 000
Equitable Share	51 279 300	45 172 000
Conditional Grants	51 557 258	30 813 029
Grants and donations	1 158 627	1 288 090
Subsidies	50 398 630	29 524 940
Total Government Grants and Subsidies	102 836 558	75 985 029
Government Grants and Subsidies - Capital	24 405 390	16 274 360
Government Grants and Subsidies - Operating	78 431 168	59 710 669
	102 836 558	75 985 029

The municipality does not expect any significant changes to the level of grants.

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	51 279 300	45 172 000
Executive & Council	392 000	798 087
Budget & Treasury	1 304 035	1 907 649
Corporate Services	385 965	26 275
Planning & Development	964 868	294
Health	-	-
Community & Social Services	8 489 548	9 332 368
Housing	17 645 494	5 618 217
Public Safety	-	-
Sport & Recreation	-	-
Environmental Protection	-	-
Waste Management	2 569 574	3 749 719
Waste Water Management	11 409 206	4 813 607
Road Transport	1 012 244	187 000
Water	6 001 901	3 816 950
Electricity	1 382 422	562 862
	102 836 558	75 985 029

The municipality does not expect any significant changes to the level of grants.

27.1 Equitable share

Opening balance	-	-
Grants received	51 279 300	45 172 000
Conditions met - Operating	(51 279 300)	(45 172 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

27.2 Local Government Financial Management Grant (FMG)

Opening balance	0	213 467
Grants received	1 250 000	1 250 000
Conditions met - Operating	(1 250 000)	(1 165 775)
Conditions met - Capital	-	(297 692)
Conditions still to be met	0	0

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

27.3 Municipal Systems Improvement Grant

Opening balance	0	75 945
Grants received	800 000	790 000
Conditions met - Operating	(414 035)	(604 550)
Conditions met - Capital	(385 965)	(261 395)
Conditions still to be met	0	0

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

27.4 Municipal Infrastructure Grant (MIG)

Opening balance	802 213	2 430 636
Grants received	18 376 000	15 149 000
Conditions met - Operating	(2 350 462)	(2 060 014)
Conditions met - Capital	(16 827 752)	(14 717 409)
Conditions to be met	(0)	802 213

The grant was used to upgrade infrastructure in previously disadvantaged areas.

27.5 Housing Grants

Opening balance	2 314 736	2 314 736
Grants received	20 530 301	4 400 928
Conditions met - Operating	(16 926 458)	(5 467 600)
Conditions met - Capital	(719 036)	(200 432)
Conditions to be met	5 199 543	1 047 632

Balance previously reported (Note 27.5)

Presentation Correction	3 581 840	(2 534 207)
	1 047 632	

Housing grants was utilised for the development of even and the erection of top structures.

		2013 R	2012 R
27 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)			
27.6 Integrated National Electrification Grant			
Opening balance		632 422	(1 804 716)
Grants received		500 000	3 000 000
Conditions met - Operating		(189 161)	(47 730)
Conditions met - Capital		(1 193 261)	(515 132)
Conditions to be met		<u>(250 000)</u>	<u>632 422</u>
The National Electrification Grant was used for electrical connections in previously disadvantaged areas.			
27.7 Other Grants			
Opening balance		3 240 114	1 928 220
Grants received		12 523 145	8 054 298
Conditions met - Operating		(6 021 752)	(5 193 000)
Conditions met - Capital		(5 279 377)	(282 300)
Conditions to be met		<u>4 462 129</u>	<u>4 507 217</u>
Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)			
Balance previously reported (Note 27.7)			(2 484 454)
Presentation Correction			6 991 671
			<u>4 507 217</u>
27.8 Total Grants			
Opening balance		6 989 484	5 158 288
Grants received		105 258 746	77 816 226
Conditions met - Operating		(78 431 168)	(59 710 669)
Conditions met - Capital		(24 405 390)	(16 274 360)
Conditions to be met		<u>9 411 673</u>	<u>6 989 484</u>
Disclosed as follows:			
Unspent Conditional Government Grants and Receipts		9 661 673	6 989 484
Unpaid Conditional Government Grants and Receipts		<u>(250 000)</u>	0
		<u>9 411 673</u>	<u>6 989 484</u>
28 SERVICE CHARGES			
Electricity		230 707 612	215 069 786
Water		26 047 974	24 213 667
Refuse removal		15 341 859	13 983 691
Sewerage and Sanitation Charges		19 773 389	17 881 722
		<u>291 870 834</u>	<u>271 148 866</u>
Less: Rebates		<u>(15 633 706)</u>	<u>(20 980 914)</u>
Total Service Charges		<u>276 237 128</u>	<u>250 167 952</u>
Balance previously reported			253 122 168
Correction of error - Refer to note 40.6			(2 954 216)
			<u>250 167 952</u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.			
29 OTHER INCOME			
Availability fees		2 736 599	2 619 815
Building plans		384 052	523 172
Bulk service levies		407 310	780 695
Cemeteries		325 612	250 786
Commission		148 889	145 698
Connection fees		1 455 489	1 721 884
Fair Value Adjustments		-	-
Fire brigade fees		53 347	36 543
Insurance claims		608 776	6 056 382
Photo copies		65 029	64 154
Planning application fees		261 267	140 897
Re-connection fees		271 466	183 972
Valuation certificates		116 786	101 312
Sundry income		3 663 736	3 451 873
Total Other Income		<u>10 498 358</u>	<u>16 077 183</u>

EMPLOYEE RELATED COSTS

	2013 R	2012 R
Salaries and Wages	73 986 079	66 942 346
Bonus	5 977 411	6 181 440
Contributions for UIF, pensions and medical aids	17 858 027	16 157 460
Group Life Insurance	368 683	364 990
Housing Subsidy	568 792	548 585
Leave Reserve Fund	2 262 335	2 125 611
Long service awards	648 856	618 118
Overtime	5 407 989	5 002 675
Post Employment Health	1 983 869	1 821 938
Travel, motor car, telephone, assistance and other allowances	9 444 636	8 965 727
	<hr/> 118 506 679	<hr/> 108 728 890
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	<u>118 506 679</u>	<u>108 728 890</u>

KEY MANAGEMENT PERSONNEL

The Municipal Manager and 2 directors are appointed on a 5-year fixed term contract, the other 2 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL*Remuneration of the Municipal Manager: Mr M A Mokweni*

Annual Remuneration	994 440	795 798
Performance Bonuses	90 219	138 204
Car Allowance	108 000	108 000
Other Allowances	24 550	100 568
Contributions to Medical and Pension Funds	192 869	173 030
Total	<u>1 410 078</u>	<u>1 315 599</u>

Remuneration of the Director Infrastructure Development : Mr J de K Jooste

Annual Remuneration	706 734	570 502
Performance Bonuses	74 845	105 832
Car Allowance	156 869	156 869
Other Allowances	30 943	35 489
Contributions to Medical and Pension Funds	194 038	175 102
Total	<u>1 163 429</u>	<u>1 043 794</u>

Remuneration of the Director Corporate Services: Mr A W J Everson

Annual Remuneration	759 587	613 115
Performance Bonuses	74 845	105 832
Car Allowance	131 568	131 568
Other Allowances	47 978	63 160
Contributions to Medical and Pension Funds	157 179	141 169
Total	<u>1 171 157</u>	<u>1 054 845</u>

Remuneration of the Director Financial Services: Mr C F Hoffman

Annual Remuneration	647 241	501 415
Performance Bonuses	74 845	105 832
Car Allowance	128 222	128 222
Other Allowances	78 653	97 890
Contributions to Medical and Pension Funds	242 196	215 754
Total	<u>1 171 157</u>	<u>1 049 115</u>

Remuneration of the Director Community Services: Mr M J Mhlom (01 July 2011 to 30 November 2011)

Annual Remuneration	-	340 590
Performance Bonuses	-	79 374
Car Allowance	-	77 711
Other Allowances	-	159 730
Contributions to Medical and Pension Funds	-	70 739
Total	<u>-</u>	<u>728 144</u>

Remuneration of the Director Strategy and Social Development: Mrs C O Matthys (01 August 2012 to 30 June 2013)

Annual Remuneration	703 371	-
Performance Bonuses	-	-
Car Allowance	159 982	-
Other Allowances	22 460	-
Contributions to Medical and Pension Funds	133 676	-
Total	<u>1 019 489</u>	<u>-</u>

Remuneration of the Director Engineering Services: Mr I A B van der Westhuizen (01 October 2012 to 30 June 2013)

Annual Remuneration	626 670	-
Performance Bonuses	-	-
Car Allowance	10 800	-
Other Allowances	-	-
Contributions to Medical and Pension Funds	124 552	-
Total	<u>762 022</u>	<u>-</u>

		2013 R	2012 R
31	REMUNERATION OF COUNCILLORS		
	Mayor	698 894	651 291
	Deputy Mayor	538 636	404 776
	Speaker	536 643	509 125
	Mayoral Committee Members (4 councillors)	2 037 914	1 744 967
	Councillors (15 councillors 1 vacant seat)	3 287 031	3 110 004
	Total Councillors' Remuneration	7 099 118	6 420 162
	<i>In-kind Benefits</i>		
	The Executive Mayor, Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council.		
32	DEBT IMPAIRMENT		
	Long term Receivables - Note 19	2 333 568	(1 505 290)
	Trade Receivables from exchange transactions - Note 22	5 188 853	3 776 344
	Trade Receivables from non-exchange transactions - Note 23	1 028 635	2 240 483
	Total Contribution to Debt Impairment	8 551 056	4 511 537
33	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	16 253 087	16 503 864
	Capitalised Restoration Cost	200 054	295 847
	Investment Property	49 329	50 869
	Intangible Assets	251 335	718 760
		16 753 805	17 569 340
	Balance previously reported (Note 33)	18 513 415	
	Correction of book value of assets where the useful lives were incorrectly recorded - Refer to note 40.8	(944 075)	
		17 569 339	
34	IMPAIRMENTS		
	Property Plant & Equipment	(3 331 913)	3 770 043
	Impairment on Property, Plant and Equipment was reversed as the assets damaged in 2011/2012 was repaired and reinstated.		
35	FINANCE CHARGES		
	Interest paid	164 246	47 229
	Landfill site	265 054	321 032
	Long service awards	343 443	353 695
	Long-term Liabilities	3 399 048	3 802 812
	Post Employment Health	2 908 929	2 690 651
	Total finance charges	7 080 720	7 215 421
36	BULK PURCHASES		
	Electricity	173 526 712	157 532 199
	Water	3 000 805	2 759 252
	Total Bulk Purchases	176 527 517	160 291 452
37	GRANTS AND SUBSIDIES		
	Destitute Grants	-	73 500
	Total Grants and Subsidies	-	73 500
	Operating grant expenditure per vote		
	Executive & Council	-	-
	Budget & Treasury	-	-
	Corporate Services	-	-
	Planning & Development	-	-
	Health	-	-
	Community & Social Services	-	-
	Housing	-	-
	Public Safety	-	-
	Sport & Recreation	-	-
	Environmental Protection	-	73 500
	Waste Management	-	-
	Waste Water Management	-	-
	Road Transport	-	-
	Water	-	-
	Electricity	-	-
		-	73 500

38 GENERAL EXPENSES

	2013 R	2012 R
Advertisement Cost	700 218	769 567
Audit fees	1 864 590	1 709 875
Bank charges	644 329	843 585
Bursaries - Internal	118 202	119 593
Cell phone	748 573	689 967
Chemicals	4 225 223	4 785 407
Computer services	1 539 513	1 123 312
Connections	414 140	615 911
Data lines	2 225 965	1 502 288
Delegation Fees	359 709	284 810
Development Projects	408 609	425 627
Fuel	5 974 821	5 440 313
Insurance (Premiums & Claims cost)	6 345 402	1 356 311
IoD Insurance	1 133 135	1 059 328
Membership fees	1 003 100	843 179
Municipal Services Charges	3 639	10 025
Postage	504 649	670 311
Poverty Alleviation Projects	1 626 465	2 055 352
Printing & Stationary	1 091 655	1 015 211
Professional Services	2 264 693	1 212 738
Protective Clothing	594 587	524 529
Refuse bags	357 538	562 288
Rehabilitation	746 510	753 775
Skills Development Levy	934 834	934 656
Subsidy New Electrical connections	-	-
Tourism Marketing	821 274	817 591
Training cost	881 432	862 348
Transfer cost	367 974	162 894
Valuation cost	357 774	475 346
Other	3 810 700	4 082 543
General Expenses	42 069 249	35 708 680
Balance previously reported (Note 38)	35 732 422	
Correction of error - Refer to note 40.11	(23 742)	
	35 708 680	

39 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3

39.1 HERITAGE ASSETS

The municipality implemented GRAP 103 on Heritage Assets. The Municipality consulted the Heritage Council of South-Africa, Heritage Council of the Western Cape and the tourism offices in the various towns to ascertain if any assets of the Langeberg Municipality are declared as Heritage Assets, the municipality also scrutinised the Asset Register to check if any of the assets fall within the definition and recognition criteria of Heritage Assets. The implementation was done retrospectively and restated for 01 July 2011.

Balance previously reported

Transfer from Investment Property	-
Transfer from PPE	939 000
Restated Balance as at 01 July 2011	939 000
Addition during 2011/2012	-
Restated Balance as at 30 June 2012	939 000

39.2 PROPERTY, PLANT AND EQUIPMENT

Balance previously reported

Transfer to Heritage Assets	407 646 886
First time recognition of erven belonging to the municipality	(939 000)
Reversal of Accumulated Depreciation on Assets transferred to Heritage Assets	2 109 500
Restated Balance as at 01 July 2011	80 278
	408 897 664

40 CORRECTION OF ERROR IN TERMS OF GRAP 3

40.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT)

Balance previously reported	381 495 919
Reversal of Accumulated Depreciation on Assets transferred to Heritage Assets	80 278
Operating Lease Asset	25 422
Property, Plant and Equipment	2 109 500
Receivables from exchange transactions	9 005 447
Restated Balance as at 01 July 2011	<u><u>392 716 566</u></u>

40.2 OPERATING LEASE ASSET

Balance previously reported	32 641
Correction of Error: Lease Contracts not included in Lease Register 2010/2011 Refer to note 24	25 422
Restated Balance as at 01 July 2011	<u><u>58 063</u></u>
Previous Movement	4 278
Correction of Error: Lease Contracts not included in Lease Register 2011/2012 Refer to note 23	9 019
Correction of Error Lease Agreements cancelled in 2011/2012	(1 338)
Restated Balance as at 30 June 2012	<u><u>70 021</u></u>

Correction of error - Refer to note 24

40.3 PROPERTY, PLANT AND EQUIPMENT

Balance previously reported (Before change in accounting policy)	424 544 371
Implementation of GRAP 103 (01 July 2011)	(858 722)
First time recognition of even belonging to the municipality (01 July 2011)	2 109 500
Correction of book value of assets where the useful lives were incorrectly recorded (30 June 2012)	938 356
Reversal of depreciation on assets transferred to Heritage Assets	5 719
Restated Balance as at 30 June 2012	<u><u>426 739 223</u></u>

40.4 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Other Debtors

Balance previously reported	28 483 006
Electricity Charges	7 564 172
Water Charges	1 441 275
Restated Balance as at 01 July 2011	<u><u>37 488 454</u></u>

Reversal:

Electricity Charges	(7 564 172)
Water Charges	(1 441 275)

Add:

Electricity Charges	4 880 573
Water Charges	1 170 658
Restated Balance as at 30 June 2012	<u><u>34 534 238</u></u>

Water and Electricity Charges for June 2011 and June 2012, from last meter reading date to 30 June was allocated in the wrong financial period and was corrected.

Reversal of Insurance debtor as the municipality negotiated with the Insurer not to pay the claim directly to the municipality but instead appoint contractor to reinstate assets damage in public riot.

Correction of error - Refer to note 22

40.5 INVENTORY

Balance previously reported	13 179 204
Inventory incorrectly expensed in 2011/2012	164 875
Restated Balance as at 30 June 2012	<u><u>13 344 079</u></u>

First time identification and measurement of inventory

Correction of error - Refer to note 21

40.6 SERVICE CHARGES

Balance previously reported	253 122 168
Reduce Service Charges	(2 954 216)
Restated Balance as at 30 June 2012	<u><u>250 167 952</u></u>

Service Charges adjusted to reflect service charges levied for 2011/2012 financial year and to account for service charges between last meter reading date to 30 June 2012.

Correction of error - Refer to note 28

40.7 RENTAL OF FACILITIES AND EQUIPMENT

Balance previously reported	1 658 546
Correction of Error: Lease Contracts not included in Lease Register 2011/2012 Refer to note 23	9 019
Restated Balance as at 30 June 2012	<u><u>1 667 564</u></u>
Correction of error - Refer to note 24	

40.8 DEPRECIATION AND AMORTISATION

Balance previously reported	18 513 415
Correction of book value of assets where the useful lives were incorrectly recorded	(944 076)
Restated Balance as at 30 June 2012	<u>17 569 339</u>
Correction of error - Refer to note 33	

40.10 REPAIRS AND MAINTENANCE

Balance previously reported	11 920 235
Inventory incorrectly expensed	(139 795)
Restated Balance as at 30 June 2012	<u>11 780 440</u>

40.11 GENERAL EXPENSES

Balance previously reported	35 732 422
Inventory incorrectly expensed	(23 742)
Restated Balance as at 30 June 2012	<u>35 708 680</u>

Correction of error - Refer to note 38

40.12 CASH FLOW STATEMENT: RECEIPTS

Interest

Balance previously reported	6 555 507
Correction of error - Refer to Cash Flow Statement	(2 470 036)
	<u>4 085 471</u>

CASH FLOW STATEMENT: PAYMENTS

Finance charges

Balance previously reported	(7 215 421)
Correction of error - Refer to Cash Flow Statement	3 386 551
	<u>(3 828 869)</u>

Correction of Interest Received and Finance Charges on Cash Flow Statement to reflect the actual cash receipts and cash payments.

41	RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS	2013	2012
		R	R
Surplus/(Deficit) for the year	33 504 703	3 324 648	
Adjustments for:			
Depreciation/Amortisation	16 753 805	17 569 342	
Loss on disposal of property, plant and equipment	552 618	47 282	
(Gains) on disposal of property, plant and equipment	-	-	
Impairment Loss	-	3 770 043	
Impairment (Reversals)	(3 331 913)	-	
Contributions to Non-Current Provisions	6 189 558	5 805 367	
Debt Impairment	9 565 105	4 511 537	
Actuarial Losses	-	3 122 234	
Actuarial (Gains)	(875 701)	-	
Unamortised discount	36 319	69 436	
Bad debt written-off	(6 601 032)	(1 454 324)	
Finance charges	(60 624)	(29 348)	
Operating lease income accrued	(57 509)	(11 958)	
Operating Surplus/(Deficit) before changes in working capital	55 675 329	36 724 258	
Changes in working capital	(9 130)	(10 370 251)	
Increase/(Decrease) in Payables from exchange transactions	6 749 302	(4 244 885)	
Increase/(Decrease) in Provisions	(1 308 787)	274 154	
Increase/(Decrease) in Employee benefits	(1 700 406)	(1 074 665)	
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 672 189	(1 473 519)	
Increase/(Decrease) in Unspent Public Contributions	325 000	-	
Increase/(Decrease) in Taxes	(1 382 741)	(2 695 341)	
(Increase)/Decrease in Inventory	(8 335 248)	12 103 448	
(Increase)/Decrease in Receivables from exchange and non-exchange transactions	3 221 562	(16 564 159)	
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(250 000)	3 304 716	
Cash generated/(absorbed) by operations	55 666 199	26 354 007	

42 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 25	60 000 000	70 000 000
Cash Floats - Note 25	7 717	8 427
Bank - Note 25	11 274 412	3 906 756
Total cash and cash equivalents	71 282 129	73 915 183

43 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

Cash and Cash Equivalents - Note 42	71 282 129	73 915 183
Investments - Note 18	90 617	51 549
Less:		
Unspent Committed Conditional Grants - Note 10	71 372 746	73 966 732
VAT - Note 12	9 661 673	7 832 416
Resources available for working capital requirements	9 661 673	6 989 484
Allocated to:		
Capital Replacement Reserve	42 715 822	45 000 000
Employee Benefits Reserve	13 393 522	12 760 024
Non-Current Provisions Reserve	4 424 361	3 855 324
Resources available for working capital requirements	1 177 369	4 518 968

44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities - Note 3	37 290 700	38 495 587
Used to finance property, plant and equipment - at cost	(37 290 700)	(38 495 587)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

45 BUDGET COMPARISONS

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (%)
45.1 Operational				
Revenue by source				
Property Rates	29 806 702	30 162 100	(355 398)	-1%
Government Grants and Subsidies - Capital	24 405 390	26 022 478	(1 617 088)	-7%
Government Grants and Subsidies - Operating	78 431 168	80 366 819	(1 935 651)	-2%
Public Contributions and Donations	-	-	-	0%
Gain on Foreign Exchange Transaction	-	-	-	0%
Actuarial Gains	1 250 989	-	-	-
Fair Value Adjustments	39 068	-	39 068	100%
Fines	1 079 319	3 292 280	(2 212 961)	-205%
Impairment Reversal	3 331 913	-	-	-
Stock Adjustments	39 059	112 182	(73 123)	-187%
Service Charges	276 237 128	295 061 190	(18 824 062)	-7%
Rental of Facilities and Equipment	2 074 316	1 713 780	360 536	17%
Interest Earned - external investments	4 556 735	4 500 000	56 735	1%
Interest Earned - outstanding debtors	1 617 204	1 880 000	(262 796)	-16%
Licences and Permits	1 239 538	1 307 190	(67 652)	-5%
Agency Services	1 929 048	1 198 000	731 048	38%
Other Income	10 498 358	12 023 090	(1 524 732)	-15%
Unamortised Discount - Interest	60 486	-	60 486	100%
Gain on disposal of Property, Plant and Equipment	-	-	-	-
	436 596 421	457 639 109	(25 625 590)	-6%
Expenditure by nature				
Employee related costs	118 506 679	125 308 680	(6 802 001)	-6%
Remuneration of Councillors	7 099 118	7 285 490	(186 372)	-3%
Debt Impairment	8 551 056	7 503 470	1 047 586	12%
Depreciation and Amortisation	16 753 805	21 152 130	(4 398 325)	-26%
Collection costs	1 192 386	1 065 000	127 386	11%
Impairments	-	-	-	0%
Repairs and Maintenance	12 097 894	12 963 572	(865 678)	-7%
Actuarial losses	375 288	-	375 288	100%
Unamortised Discount - Interest paid	96 805	-	96 805	100%
Finance Charges	7 080 720	7 001 880	78 840	1%
Bulk Purchases	176 527 517	186 506 110	(9 978 593)	-6%
Contracted services	981 026	1 851 030	(870 004)	-89%
Grants and Subsidies	-	82 180	(82 180)	-100%
Stock Adjustments	-	-	-	-100%
Operating Grant Expenditure	11 207 558	21 013 990	(9 806 432)	-87%
General Expenses	42 069 249	41 790 503	278 746	1%
Loss on disposal of Property,Plant and Equipment	552 618	-	552 618	100%
Fair Value Adjustments	-	-	-	0%
	403 091 717	433 524 035	(30 432 318)	-8%
Net Surplus for the year	33 504 703	24 115 074	4 806 727	14%
	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 R (%)
45.2 Expenditure by Vote				
Community services	-	-	-	-
Corporate services	31 066 898	34 769 610	(3 702 712)	-12%
Engineering Services	281 385 095	291 958 450	(10 573 355)	-4%
Executive & Council	22 167 202	23 111 220	(944 018)	-4%
Finance	18 662 313	19 324 670	(662 357)	-4%
Service Intergration	34 055 321	46 463 545	(12 408 224)	-36%
Strategy & Social Development	15 754 889	17 896 540	(2 141 651)	-14%
	403 091 717	433 524 035	(30 432 318)	-8%

45 BUDGET COMPARISONS (CONTINUE)

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2012 R (%)
45.3 Capital expenditure by vote				
Corporate services	6 189 843	6 767 896	(578 053)	-9%
Engineering Services	38 790 702	40 141 462	(1 350 760)	-3%
Executive & Council	1 964 689	2 361 000	(396 311)	-20%
Finance	120 000	120 000	-	0%
Service Intergration	4 246 537	7 767 510	(3 520 973)	-83%
Strategy & Social Development	857 426	1 630 000	(772 574)	-90%
	52 169 196	58 787 868	(6 618 672)	-13%

46 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

2013
R**46.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	(0)	11 600 891
Unauthorised expenditure for the year - capital	-	-
Unauthorised expenditure for the year - operating	-	(0)
Written off by council	-	(11 600 891)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	(0)	(0)

Unauthorised expenditure on operating votes is mainly attributable to the actuarial loss on the employee benefits.
 Unauthorised expenditure on the capital is mainly attributable the purchase of a back up tape library server.

Incident	Disciplinary steps/criminal proceedings
<i>None</i>	

46.2 Fruitless and wasteful expenditure2013
R

None.

46.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	-	284 712
Irregular expenditure for the year	-	-
Written off by council	-	(284 712)
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting further action	-	-

	2013	2012
46.4 Material Losses		
Water distribution losses		
- Kilo litres disinfected/purified/purchased	7 941 360	7 948 000
- Kilo litres lost during distribution	1 445 900	991 840
- Percentage lost during distribution	18.21%	12.48%
Electricity distribution losses		
- Units purchased (Kwh)	289 880 332	298 939 914
- Units lost during distribution (Kwh)	21 361 110	24 745 305
- Percentage lost during distribution	7.37%	8.28%
 47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2013	2012
	R	R
47.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Opening balance	-	-
Council subscriptions	998 217	839 743
Amount paid - current year	(998 217)	(839 743)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>—</u>	<u>—</u>
 47.2 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	258 975	-
Current year audit fee	1 864 590	1 709 875
External Audit - Auditor-General Audit Committee	1 816 376 48 214	1 689 436 20 439
Amount paid - current year	(2 094 038)	(1 450 900)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	<u>29 528</u>	<u>258 975</u>
 47.3 VAT - [MFMA 125 (1)(b)]		
Opening balance	6 067 935	1 935 150
Amounts received - current year	40 768 437	36 461 821
Amounts received - previous years	(6 067 935)	(1 935 150)
Amounts claimed - current year	(38 187 811)	(30 393 886)
Closing balance - Receivable	<u>2 580 626</u>	<u>6 067 935</u>
Vat in suspense due to cash basis of accounting		
Input VAT	3 755 374	2 959 433
Output VAT	(6 199 905)	(5 747 575)
Receivable	(2 444 531)	(2 788 142)
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
 47.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	(13 378 457)	13 535 950
Amount paid - current year	13 378 457	(13 535 950)
Balance unpaid (included in creditors)	<u>—</u>	<u>—</u>
 47.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	17 063 438	15 262 717
Amount paid - current year	(17 063 438)	(15 262 717)
Balance unpaid (included in creditors)	<u>—</u>	<u>—</u>

47 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

47.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

	2013 R	2012 R
	Outstanding more than 90 days	Outstanding more than 90 days
NYAMANA, W	732	
VOLLENHOVEN, EJ (E J & R A VOLLENHOVEN)	627	
CROUWCAMP, NP	-	11 796
SWANEPOEL, J RO	42 463	
SWANEPOEL, J RO (J RO SWANEPOEL, C S SWANEPOEL & D C ESTERH)	4 343	
JOHNSON, R	-	149
Total Councillor Arrear Consumer Accounts	46 807	11 945

47.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government

Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

	Amount	Single Supplier	Type of deviation	Impossible	Impractical	Emergency
July	5 751 933	14		-	43	19
August	908 003	13		-	33	17
September	702 210	9		-	29	10
October	477 839	6		-	32	17
November	598 057	4		-	33	19
December	373 654	3		-	14	10
January	406 544	13		-	28	18
February	1 670 451	13		-	38	16
March	651 416	3		-	32	5
April	771 820	6		-	44	11
May	588 697	8		-	41	2
June	573 865	1		-	29	12
	13 474 489	93		-	396	156

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
CC Groenewald	CC Groenewald	Spouse	AC Groenewald	SAPS - Warrant Officer	R 2 830
Annandale Motors BK	DR Wagner	Spouse	E Wagner	Langeberg Municipality - Admin Clerk	R 59 015
Van Niekerk & Linde	AP Rossouw	Spouse	S Rossouw	WCED - Teacher	R 252 894
Lumber & Lawn	R Visser	Spouse	J van Zyl	WCED - Teacher	R 56 873
Liemens Construction	L Liemens	Spouse	OR Liemens	Langeberg Municipality - LED Clerk	R 51 058
TMM Management	TM Mgoqi	Parent	NJ Mgoqi	Langeberg Municipality - Councillor	R 526 000
Total Client Services Ltd	A Van Rooyen	Spouse	NT Sipoyo	WC Provincial Government (Dept. of Transport) - Manager (Logistics)	R 20 520
Wordz 'n Worx	MM Treu	Child	SP Korasie	Dept. of Water Affairs - Intern	R 4 150
Lulama Nentsa	L Nentsa	Child	LA Nentsa	Langeberg Municipality - Traffic Officer	R 4 320

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Mubesko Africa	L Smith	Spouse	J Nieheus	Dept. of Health (Northern Cape)	R 300 276
Snyman Skoonmaakdienste	LC Snyman	Spouse	M Snyman	Langeberg Municipality - PA	R 108 360
Graham & Rhona Beck Skills Centre	M Hoffman	Spouse	F Hoffman	SAPS - Warrant Officer	R 5 700
Graham & Rhona Beck Skills Centre	D van Schalkwyk	N/A	D van Schalkwyk	Langeberg Municipality - Director	R 5 700

Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months:

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Value of transactions
Mubesko Africa	K Kymdell	Manager		Central Karoo District Municipality - CFO	

47.8 Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

48

CAPITAL COMMITMENTS

2013	2012
R	R

Commitments in respect of capital expenditure:

Approved and contracted for:

Infrastructure
Community
Other

10 979 040	700 000
10 979 040	700 000
-	-

Approved but not yet contracted for

Infrastructure
Community
Other

42 930 690	49 012 040
21 959 790	41 157 040
9 945 900	-
11 025 000	7 855 000

Total

53 909 730	49 712 040
-------------------	-------------------

In addition to the capital commitments approved and contracted for disclosed in terms of GRAP, 42 930 690 of the capital budget have been approved but have not yet been contracted for.

This expenditure will be financed from:

External Loans
Capital Replacement Reserve
Government Grants
Other Grants

28 844 370	31 399 750
25 065 360	18 312 290
-	-

Total

53 909 730	49 712 040
-------------------	-------------------

49

FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality did engage in one foreign currency transaction. The risk is low due to the value of the transaction.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2012 - 0.5%) Increase in interest rates	349 184	363 431
0.5% (2012 - 0.5%) Decrease in interest rates	(174 592)	(181 715)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual Trade Receivables into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Trade Receivables with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2013 %	2013 R	2012 %	2012 %
Non-Exchange Receivables				
Rates and other receivables	100.00%	12 910 369	100.00%	12 266 201
Exchange Receivables				
Electricity	39.90%	17 751 185	35.01%	16 927 578
Water	11.81%	5 251 522	11.99%	5 798 032
Refuse	6.78%	3 016 454	5.81%	2 811 464
Sewerage	8.63%	3 838 384	7.41%	3 580 952
Other	32.88%	14 627 494	39.78%	19 232 740
	100.00%	44 485 037	100.00%	48 350 767

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 22 and 23 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of Trade Receivables as follows:

	2013 %	2013 R	2012 %	2012 %
Non-Exchange Receivables				
Rates and other receivables	100.00%	9 280 550	100.00%	8 303 896
Exchange Receivables				
Electricity	26.01%	3 427 705	26.18%	3 617 461
Water	24.01%	3 162 953	25.93%	3 582 573
Refuse	15.66%	2 062 827	14.32%	1 978 608
Sewerage	20.32%	2 676 799	18.62%	2 573 144
Other	14.01%	1 845 660	14.94%	2 064 745
	100.00%	13 175 944	100%	13 816 530

FINANCIAL RISK MANAGEMENT (CONTINUE)

	2013 %	2013 R	2012 %	2012 %
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates				
	100.00%	-	100.00%	-
<u>Exchange Receivables</u>				
Electricity	39.90%	2 634 057	35.01%	509 158
Water	11.81%	779 261	11.99%	174 397
Refuse	6.78%	447 605	5.81%	84 565
Sewerage	8.63%	569 569	7.41%	107 710
Other	32.88%	2 170 540	39.78%	578 494
	100.00%	6 601 032	100.00%	1 454 324

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long-term Receivables and Other Trade Receivables are individually evaluated annually at Balance Sheet date for impairment.

	2013 R	2012 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	4 948 362	4 539 273
Receivables from exchange transactions	31 309 093	34 534 238
Receivables from non-exchange transactions	5 666 330	5 372 946
Cash and Cash Equivalents	71 282 129	73 915 183
Non-Current Investments	90 617	51 549
Unpaid conditional grants and subsidies	250 000	0
	113 546 532	118 413 189

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5	Between 5 and	Over 10 Years
		years	10 years	
2013				
Long Term Liabilities	7 464 137	27 142 579	19 674 542	-
Capital repayments	23 034 966	19 605 632	17 107 541	-
Interest	3 137 364	7 536 947	2 567 001	-
Trade and Other Payables	36 689 717	-	-	-
Unspent conditional government grants and receipts	9 661 673	-	-	-
Cash and Cash Equivalents	-			
	53 815 527	27 142 579	19 674 542	-

49

FINANCIAL RISK MANAGEMENT (CONTINUE)

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2012				
Long Term liabilities	7 073 896	24 771 975	19 428 201	9 289 032
Capital repayments	3 481 455	12 371 075	13 633 003	9 063 319
Interest	3 592 441	12 400 900	5 795 198	225 713
Trade and Other Payables	30 501 299	-	-	-
Unspent conditional government grants and receipts	6 989 484	-	-	-
Cash and Cash Equivalents	-			
	44 564 679	24 771 975	19 428 201	9 289 032

50

FINANCIAL INSTRUMENTS

2013
R 2012
R

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

50.1 Financial Assets	Classification		
Investments			
Fixed Deposits	Financial instruments at amortised cost	-	-
Long-term Receivables			
Provincial Government Housing Loans - At amortised cost		3 137 775	3 053 281
Staff Study loans - At amortised cost		35 144	35 144
Services connections - At amortised cost		510 299	697 492
Land Sales - At amortised cost		1 146 492	626 775
Short-term Installments		118 653	126 582
Agreements with Consumer Debtors		12 370 617	9 742 612
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	31 309 093	34 534 238
Receivables from non-exchange transactions	Financial instruments at amortised cost	5 666 330	5 372 946
Other Receivables			
Government Subsidies and Grants	Financial instruments at amortised cost	250 000	0
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	60 000 000	70 000 000
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	11 274 412	3 906 756
Cash Floats and Advances	Financial instruments at amortised cost	7 717	8 427
		125 826 531	128 104 252
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		125 826 531	128 104 252
At amortised cost		125 826 531	128 104 252

50	FINANCIAL INSTRUMENTS (CONTINUE)		2013	2012
50.2	<u>Financial Liability</u>	<u>Classification</u>		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	31 437 401	35 014 133
	Capitalised Lease Liability	Financial instruments at amortised cost	1 610 618	0
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	34 299 760	28 256 086
	Retentions and Guarantees	Financial instruments at amortised cost	985 696	534 524
	Sundry Deposits	Financial instruments at amortised cost	2 335 404	2 203 439
	Sundry Creditors	Financial instruments at amortised cost	54 553	41 773
	Other Payables			
	Government Subsidies and Grants	Financial instruments at amortised cost	-	6 989 484
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3 522 662	3 469 166
	Capitalised Lease Liability	Financial instruments at amortised cost	720 019	12 288
			<u>74 966 113</u>	<u>76 520 894</u>
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		<u>74 966 113</u>	<u>76 520 894</u>
51	EVENTS AFTER THE REPORTING DATE			
	2013			
	2012			
	On the 7th of August 2012 the municipality suffered flood damage which caused damage to the Sewerage and Electricity Infrastrucure.			<u>1 584 364</u>
52	IN-KIND DONATIONS AND ASSISTANCE			
	The municipality did not receive any in-kind donations or assistance during the year under review.			
53	PRIVATE PUBLIC PARTNERSHIPS			
	Council has not entered into any private public partnerships during the financial year.			
54	CONTINGENT LIABILITY			
	2013			
	There is a dispute between the Independent Municipal Allied Trade Union and the South African Local Government Association over the implementation of the TASK wage curve, which if the union is successfull in the application will result in a back pay to employees. The matter is currently under review in the Labour Court. The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration from October 2009.			

CONTINGENT ASSET	2013	2012
2012		

On 13 June 2012 the municipality suffered losses and damage to property as a result of a public protest that was lead by the South African National Civics Organisation. The municipality instituted legal action against the South African National Civics Organisation. The value of the claim as at 30 June 2012 was R 5 524 971.

55 **RELATED PARTIES**
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.
The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

55.1 Related Party Loans
Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 19 to the Annual Financial Statements.

55.2 Compensation of key management personnel
The compensation of key management personnel is set out in note 30 to the Annual Financial Statements.

55.3 Other related party transactions
No purchases were made during the year where Councillors or staff have an interest.

**APPENDIX A - Unaudited
LANGEBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2012	Correction	Balance at 30 JUNE 2012 Restated	Received during the period	Adjustments	Interest portion payable at period end	Redeemed or written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS											
DBSA	10.00%	10287/102	31/03/2016	106 975	-	106 975	-	2 610	2 052	22 398	84 018
DBSA	12.00%	10287/202	30/09/2015	15 609	-	15 609	-	455	344	3 718	11 780
DBSA	15.00%	10422/102	31/03/2018	546 795	-	546 795	-	19 765	17 547	59 325	485 251
DBSA	14.00%	10422/203	30/09/2018	327 855	-	327 855	-	11 086	9 950	32 545	294 174
DBSA	16.00%	11124/103	30/06/2019	1 266 076	-	1 266 076	-			108 750	1 157 326
DBSA	16.50%	11174/102	31/12/2018	424 104	-	424 104	-			40 422	383 683
DBSA	15.75%	11192/101	31/12/2018	3 587 063	-	3 587 063	-			349 746	3 237 316
DBSA (Loan Fund)	13.22%	11328/101	30/06/2014	22 357	-	22 357	-			10 463	11 894
DBSA (Public Debt Commissioner)	13.30%	12349/101	31/12/2012	42 522	-	42 522	-			42 522	0
DBSA (Public Debt Commissioner)	13.75%	12350/101	30/06/2014	237 828	-	237 828	-			111 006	126 822
DBSA	16.50%	13341/102	31/12/2019	3 025 175	-	3 025 175	-			227 557	2 797 618
DBSA	7.00%	13452/102	30/06/2020	920 495	-	920 495	-			115 062	805 433
DBSA	7.00%	13452/301	31/12/2019	1 161 264	-	1 161 264	-	(0)		154 835	1 006 429
DBSA	8.20%	13586/101	31/12/2020	395 331	-	395 331	-	(0)		46 510	348 822
DBSA	7.73%	13760/101	31/12/2020	1 799 110	-	1 799 110	-			211 660	1 587 450
DBSA	7.73%	99999/1	31/12/2024	799 783	-	799 783	-			63 983	735 800
Cogmanskloof Irrigation Board (C B R)		E 83	31/07/2017	-	-	-	-			-	-
Pensionfund	15.10%	E39	31/12/2012	324 920	-	324 920	-	-		324 920	(0)
ABSA Bank	15.25%	209/12	31/12/2012	2 961	-	2 961	-			2 961	(0)
DBSA	6.71%	102290/1	31/03/2027	23 477 077	-	23 477 077	-	413 828	360 547	1 537 550	21 886 246
Total Annuity Loans				38 483 299	-	38 483 299	-	447 744	390 440	3 465 932	34 960 062
LEASE LIABILITY											
NASHUA	10.00%	L 6806360527	30/06/2013	6 199	-	6 199	-			6 199	(0)
NASHUA	10.00%	V 4499204844	28/02/2013	3 045	-	3 045	-			3 045	0
NASHUA	10.00%	V 4499204836	28/02/2013	3 045	-	3 045	-			3 045	0
MINOLTA	10.50%	B283 - F041011906	30/11/2015	-	-	31 075	-			5 304	25 770
MINOLTA	10.50%	B283 - F041015012	30/11/2015	-	-	31 075	-			5 304	25 770
MINOLTA	10.50%	B223 - G041101050	31/03/2016	-	-	31 998	-			2 300	29 698
XEROX	15.00%	WC5330 - 3322715985	25/07/2015	-	-	67 358	285			17 489	49 584
XEROX	8.50%	WC7535 - 3906110325	04/12/2015	-	-	71 751	1 588			10 729	59 434
XEROX	8.50%	CQ9303 - 3661801750	25/03/2016	-	-	173 438	723			12 830	159 885
XEROX	8.50%	CQ9303 - 3661794673	25/03/2016	-	-	173 438	723			12 830	159 885
TASKalfa (Black)	14.50%	N493215179	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215430	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N492213192	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215409	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N492213124	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215435	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N492Y12198	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493214896	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493113657	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N492Y12209	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215170	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215209	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N492Y12204	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N492Y12189	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215219	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215400	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215388	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493113664	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N492213169	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215003	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493214906	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N493215361	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Black)	14.50%	N492213140	25/06/2016	-	-	62 498	-			-	62 498
TASKalfa (Colour)	14.50%	N2K3205727	25/06/2016	-	-	127 717	-			-	127 717
TASKalfa (Colour)	14.50%	N2K2803951	25/06/2016	-	-	127 717	-			-	127 717
TASKalfa (Colour)	14.50%	N2K2705329	25/06/2016	-	-	127 717	-			-	127 717
Total Lease Liabilities				12 288	-	12 288	2 400 744	3 319	-	79 075	2 330 637
TOTAL EXTERNAL LOANS				38 495 587	-	38 495 587	2 400 744	451 064	390 440	3 545 007	37 290 700

APPENDIX B - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
MUNICIPAL VOTES CLASSIFICATION

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
15 665 496	(30 590 270)	(14 924 774)	Corporate Services	15 713 459	(31 066 898)	(15 353 439)
275 129 769	(255 367 937)	19 761 832	Engineering Services	332 382 139	(281 385 095)	50 997 044
1 760 179	(24 125 145)	(22 364 966)	Executive & Council	161 901	(22 167 202)	(22 005 300)
83 521 667	(21 185 541)	62 336 124	Finance	67 436 366	(18 662 313)	48 774 053
7 382 339	(41 252 477)	(33 870 138)	Service Intergration	19 551 722	(34 055 321)	(14 503 599)
27 266	(7 640 696)	(7 613 430)	Strategy & Social Development	1 350 833	(15 754 889)	(14 404 055)
383 486 716	(380 162 067)	3 324 648	Sub Total	436 596 421	(403 091 717)	33 504 703
-	-	-		-	-	-
383 486 716	(380 162 067)	3 324 648	Total	436 596 421	(403 091 717)	33 504 703

APPENDIX C - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
2 155 667	(28 077 584)	(25 921 918)	Executive & Council	553 901	(27 295 815)	(26 741 913)
83 521 667	(21 185 541)	62 336 124	Budget & Treasury	67 436 366	(18 662 313)	48 774 053
1 280 929	(16 696 047)	(15 415 118)	Corporate Services	3 090 827	(18 590 144)	(15 499 317)
694 352	(4 861 999)	(4 167 647)	Planning & Development	1 664 082	(5 766 514)	(4 102 432)
9 920 281	(10 949 280)	(1 028 999)	Community & Social Services	9 306 164	(15 184 464)	(5 878 301)
6 074 199	(19 974 657)	(13 900 458)	Housing	18 169 660	(12 817 282)	5 352 378
5 002 074	(12 288 007)	(7 285 934)	Public Safety	4 365 269	(13 359 022)	(8 993 754)
200 502	(2 222 902)	(2 022 400)	Sport & Recreation	214 075	(2 875 811)	(2 661 736)
158 720	(13 248 804)	(13 090 084)	Environmental Protection	139 285	(12 087 103)	(11 947 818)
13 783 887	(19 013 791)	(5 229 904)	Waste Management	23 695 086	(22 530 425)	1 164 662
17 482 632	(11 144 363)	6 338 269	Waste Water Management	35 298 496	(11 305 162)	23 993 333
202 026	(14 184 491)	(13 982 465)	Road Transport	1 024 174	(14 675 395)	(13 651 221)
28 459 720	(27 807 118)	652 602	Water	35 056 931	(29 113 921)	5 943 009
214 550 061	(178 507 482)	36 042 579	Electricity	236 582 105	(198 828 345)	37 753 760
383 486 716	(380 162 067)	3 324 648	Total	436 596 421	(403 091 717)	33 504 703

<p style="text-align: center;">APPENDIX D - Unaudited LANGEBERG MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 Restated</p>								
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2012	Prior Period Error	30 JUNE 2012	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2013
National Government Grants	R	R		R	R	R	R	R
MSIG	0	-	0	800 000	-	414 035	385 965	0
Zolani Taxi Rank	231 300	-	231 300	-	-231 300	-	-	-0
Masterplans	54 386	-	54 386	-	-	-	-	54 386
MIG	802 213	-	802 213	18 376 000	-	2 350 462	16 827 752	-0
Equitable Share	-	-	-	51 048 000	231 300	51 279 300	-	-
FMG	0	-	0	1 250 000	-	1 250 000	-	0
INEP	632 422	-	632 422	500 000	-	189 161	1 193 261	-250 000
EPWP				1 000 000		964 868		35 132
Emergency Relief Flood Damage				1 570 000		184 618	1 318 703	66 679
Provincial Government Grants								
Library services	-0	-	-0	9 111 000	11 051	4 435 266	3 135 429	1 551 356
Main roads	-	-	-	187 000	-	187 000	-	-
Masakhane	353 117	-	353 117	-	-	-	-	353 117
Housing Consumer Education	289 005	-197 755	91 250	-	-	82 669	-	8 581
Housing Emergency Grant	-	197 755	197 755	-	-	-	-	197 755
Job creation	128 050	-	128 050	-	-	-	-	128 050
Social Development	-0	-	-0	-	-	-	-	-0
Housing Home Sanitation	167 671	-	167 671	-	-	-	-	167 671
Housing	17 903	-	17 903	-	-	-	-	17 903
Dept Water Affairs	140 000	-	140 000	-	-	-	-	140 000
Training	313 203	-	313 203	625 394	-	-	-	938 596
Housing	1 840 157	-	1 840 157	15 530 301	-	16 798 456	395 226	176 777
CDW Operational Support Grant	-	-	-	32 000	-	32 000	-	-
Public Transport Infrastructure	1 000 000	-	1 000 000	-	-	-	825 244	174 756
Thusong Service Centre Operational Support Grant				218 000		218 000	-	-
Acceleration of Housing Delivery				5 000 000		45 333	323 810	4 630 856
District Municipality Grants								
ID Documents	33 260	-	33 260	-	-	-	-	33 260
Route 62 projects	37 377	-	37 377	-	-	-	-	37 377
PIMS	56 147	-	56 147	-	-	-	-	56 147
Pre-paid Watermeters	108 527	-	108 527	-	-	-	-	108 527
Ward Committees	150 000	-	150 000	-	-	-	-	150 000
PIMS	17 560	-	17 560	-	-	-	-	17 560
McGregor Dam	25 000	-	25 000	-	-	-	-	25 000
Bakery Project	218 371	-	218 371	-	-	-	-	218 371
Landfill site	332 400	-	332 400	-	-	-	-	332 400
Tarring of Streets	-	-	-	-	-	-	-	-
Cleanest Town	41 416	-	41 416	-	-	-	-	41 416
Total	6 989 484	-	6 989 484	105 247 695	11 051	78 431 168	24 405 390	9 411 673